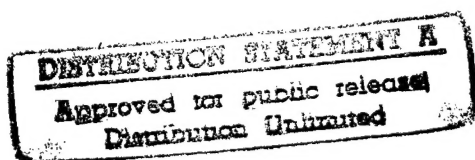


# ***JPRS Report***



# **East Europe**

19980112 072

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL INFORMATION SERVICE  
SPRINGFIELD, VA 22161

DTIC QUALITY INSPECTED 6

# East Europe

JPRS-EER-92-097

## CONTENTS

28 July 1992

### INTERNATIONAL AFFAIRS

Embezzlement of Funds for Refugees Suspected [Novi Sad MAGYAR SZO 27 May]	1
---	---

### CZECHOSLOVAKIA

Press Views Presidential Election, Meciar Speech [CSTK]	2
Methods of State Breakup Characterized [LIDOVE NOVINY 18, 19 Jun]	2
Daily Discusses Desirability of Referendum	4
Some Disadvantages [CESKY DENIK 24 Jun]	4
Possibly Preempted by Election [CESKY DENIK 29 Jun]	4
May Be Pointless [CESKY DENIK 2 Jul]	5
Prime Minister Vladimir Meciar Praised [NOVY SLOVAK 17 Jun]	5
Meciar's Perceived Attack on Media Discussed	6
TV Attacked [LIDOVE NOVINY 26 Jun]	6
TV Defended [LIDOVE NOVINY 26 Jun]	7
Attack Against Radio [TELEGRAF 27 Jun]	7
Perceived TV Bias [LIDOVE NOVINY 26 Jun]	7
Slovak TV's Proposal [MLADA FRONTA DNES 29 Jun]	8
Slovak TV's Own Program [MLADA FRONTA DNES 1 Jul]	8

### HUNGARY

Reaction to Police Seizure of Court Documents [HETI VILAGGAZDASAG 4 Jul]	9
IMF Specialist on Budget Deficit, Financing [FIGYELO 11 Jun]	9
Spirit of Communist Past Haunting Europe [HETI VILAGGAZDASAG 27 Jun]	11
State Support for Social Organizations Debated [HETI VILAGGAZDASAG 13 Jun]	12

### POLAND

Poll Illustrates Society's Electoral Preferences [RZECZPOSPOLITA 1 Jul]	15
NOWA EUROPA Editor on Press Problems [SZTANDAR MLODYCH 15 Jul]	16
Triangle Free Trade Zone Liberalization Examined [RZECZPOSPOLITA 8 Jun]	17
Changes in Sources of Crude Oil Examined [RZECZPOSPOLITA 13-14 Jun]	18
Welfare Workers Note Poverty Levels Growing [GLOB 24, 4 Jun]	19
Infant Mortality, Intensive-Care Needs Grow [GLOB 24, 12-14 Jun]	20

### YUGOSLAVIA

Unpublished Portions of Milosevic, DEPOS Talks [NIN 3 Jul]	22
VOJSKA Interviews UNPROFOR Commander [VOJSKA 9 Jul]	23
Croatians, Serbs on Death List in Vojvodina [MAGYAR SZO 2 Jul]	25
Extreme Poverty in Serbia Reported [NIN 10 Jul]	26
Need for More Soup Kitchens Reported [NIN 10 Jul]	28
Social Crisis, Poverty Deepens in Serbia [EKONOMSKA POLITIKA 15 Jun]	29

**Embezzlement of Funds for Refugees Suspected**  
*92CH0730A Novi Sad MAGYAR SZO in Hungarian*  
27 May 92 p 2

[Article by Rudolf Ruzman: "Deserted Refugees"]

[Text] *The Szeged-based refugee club "Circle of Southern Hungarians" is supposed to have "lightened up" the aid packages intended for Yugoslav refugees by several million forints and convertible currency.*

The rumor was spreading like wildfire among the refugees in Szeged that several million forints had been embezzled from the money collected in Hungary and abroad, mostly in convertible currency, for the refugees living here. At issue is money sent from all over the world in order to establish the foundations for and to improve the living conditions of Yugoslav citizens from Vojvodina who escaped mobilization.

Last September, a refugee club was formed in Szeged named the "Circle of Southern Hungarians," the purpose of which was, or would have been, to collect the money sent as aid and to distribute it among the refugees in a just manner according to need. That club would have been in charge of finding housing for the refugees (in more than 10 apartments rented with the money), and of creating jobs. The club was presided over by universally respected persons from Yugoslavia (mostly from Peterreva) living in

Hungary, most of whom are, or were, in high-ranking positions in Szeged. For that very reason, and with special regard to the difficult, almost hopeless situation of the Yugoslavian refugees, it was not too difficult for representatives of the club to persuade the homeless that the Circle of Southern Hungarians was there to help. All the more, as the club promised the above-mentioned forms of aid in return for a membership fee of 240 forints per year per person. Almost 300 people were gullible enough to clutch at that straw, but none of them received even one forint worth of aid from the club. On the other hand, millions were deposited in the two accounts opened by the refugee group, in forints, but mostly in hard currencies. Deposits were made in Austria, Germany, Switzerland, Netherlands, and Sweden. Humanitarian and religious organizations also participated in the action. No one knows for certain where the money is at this moment.

After several months of waiting in vain, and after observing that the headquarters of the club in Zrinyi Street had been locked up for several months, 20 of the deceived refugees submitted a petition to the mayor of Szeged, Dr. Pal Lippai, and to the police, in order to find out the truth about the more and more confusing rumors concerning the club. In their reply, the officials in Szeged informed the refugees that they will do their utmost to find out who is, or was, behind the Circle of Southern Hungarians, and who made a profit for themselves with the money sent for aid.

**Press Views Presidential Election, Meciar Speech***AU2007134492 Prague CSTK in English  
0826 GMT 17 Jul 92*

[Text] Prague July 17 (CSTK)—Czech dailies today comment on yesterday's second double-round voting for Czechoslovak president, in which Miroslav Sladek of the Association for the Republic-Republican Party of Czechoslovakia [SPR-RSC] was the sole candidate, and on Wednesday's address by Slovak Premier Vladimir Meciar in the Slovak National Council (parliament).

Referring to information from the parliamentary lobby, RUDE PRAVO writes that Czechoslovak President Vaclav Havel is allegedly going to abdicate as of August 1. Asked whether he can confirm the information, Federal Government Deputy Chairman Miroslav Macek did not exclude this possibility and only was not sure about the date. "Given the current state of talks on Czechoslovakia's setup and the developments we witness in the Federal Assembly (parliament), such a step may be seen not only as probable but also reasonable", Macek told the paper.

LIDOVE NOVINY calls Thursday's presidential election a "remarkable and sad" performance not so much because Miroslav Sladek ran for presidency but "because a full one-fifth of those present at the voting agreed that the most honorable position in this country be held by a man who has as yet shown only intolerance, superficiality, demagoguery, and egocentrism." It may be easy to understand that he received the votes from 14 SPR-RSC deputies (in the two houses of the federal parliament) but what about the others? "Sladek has the right to his votes, but I have the right to be disgusted, not by him but by those votes in his favor," the author of the article writes. (Sladek was supported by 58 deputies in the first and by 60 in the second round of the second double-round voting for Czechoslovak president.)

PRACE thinks that Sladek may have been the last candidate for federal president. Most likely there will not be any other and if so, he will not be elected. It does not seem probable that Vaclav Havel, who still has the biggest chance for election although he was not elected in the first voting due to opposition of certain (Slovak-ed.) parties, would decide to repeat his candidacy, the paper says.

CESKY DENIK thinks it "very probable that an independent Czech state would soon have much closer and more friendly relations with Austria or Germany, the countries professing the same values of civilization, than with Meciar's nationalist bolshevik Slovakia. This does not sound pleasantly to Czech ears but it will be nevertheless a logical consequence of the developments in the past two years," the paper says.

PROSTOR writes that Meciar is now creating the image of a new enemy which, after Hungarians, should now be Czechs. "The aggressiveness with which he started drawing this picture is warning. If there really does not exist a 'secret report' of the Czech Government (mentioned by Meciar on Wednesday) that would represent a plan of

defense for the historical lands, it is now urgent to prepare it since Meciar's course of action evokes Yugoslav parallels," the paper says.

MLADA FRONTA DNES writes that the Slovak premier (Meciar) "indirectly accused the 'soft' and irresolute politician, humanist Petr Pithart, of a 'program of racism', thus probably slamming the door to the possibility of preserving Slovakia's bond with the Czech Republic." The paper also calls on the Czech left wing to support the government coalition (ODS, ODA, KDU-CSL) "which has already earlier found out that it is possible to conduct talks with Slovakia but it is not possible to come to an agreement (at least not on preserving a functioning common state) with Slovakia represented by a politician of Meciar's sort."

The farmers' daily ZEMEDELSKE NOVINY writes that Meciar's statements indicate ever more clearly that he reckoned with a "more stubborn will to preserve the common state (of Czechs and Slovaks) on the Czech side." The fact that Slovakia's ambitions proclaimed by Meciar's HZDS may now be very quickly fulfilled does not seem to be very satisfying to him, the paper writes.

LIDOVE NOVINY comments on Thursday's handing over to President Havel of the 1968 letter by Czechoslovak Communist Party officials asking for Soviet assistance against the alleged threat of 'counter-revolution'. It says there does not exist a punishment that might return the lost years to a whole generation. Of the letter's five signatories, four are already dead. The last of them (Vasil Bilak) has, thanks to democracy which he was suppressing all his life, reached such age in which there cannot be a greater punishment for him but general contempt, the paper says.

**Methods of State Breakup Characterized***92CH0728A Prague LIDOVE NOVINY  
in Czech 18, 19 Jun 92*

[Article in two installments by (rk): "Two Variations of the Split—International Aspects of the Splitting of Czechoslovakia"]

**[18 Jun p 2]**

[Text] *Considerations regarding the constitutional crisis in the CSFR began last year during the unsuccessful negotiations by the national councils regarding the conclusion of a so-called interstate treaty between the Czech Republic and the Slovak Republic. Even at that time it was clear that there exist two principal variations of the possible parting of the ways: the disintegration of a state into two independent republics and the secession of a new state unit—Slovakia. In 1991, an analysis at the Federal Ministry of Foreign Affairs was developed which is topical today and which judged both possibilities; our material is based on that analysis.*

To the extent to which the first variation of the parting of the ways became a reality and the Czechoslovak state would disintegrate (would be partitioned), it would cease being an entity under international law and would be replaced by two new states (the Czech state and the Slovak



state). Both would then have to solve the problem of gaining diplomatic recognition and establishing diplomatic ties, the state succession, and entry into international organizations the same way. But it is highly likely that another legal position of the Czech Republic would be manifested; the Czech Republic could take on the role of the "state predecessor." The fact that the Czech lands could refer to a certain continuity with the previous federation is something which is a given, even by objective reality as a result of the fact that the Czech Republic formed the core of the former state, where the principal potential of the former federation remains, where the hitherto capital city with its diplomatic missions and with the majority of the population is located.

The problem of legal succession would have to do primarily with international treaties which Czechoslovakia concluded (some 2,800 documents). According to the Vienna Accords of 1978 on succession with respect to treaties, there should occur an automatic transfer of treaty obligations to both new states. However, this agreement is thus far not valid and, according to traditional practices, the principle of the so-called clean table is preferred, which calls for new written undertakings augmenting old treaties.

State property or real estate, in both variations, fall to that state in which they are located. Of course, in the case of real estate located abroad, both successor states must come to an agreement regarding taking over this property. The same is true of dividing material property, which the new states will always have to agree upon. There are varying criteria, depending on the nature of the property involved, and it is not possible to make mechanical use, for example, of the rule of division according to a ratio of 2:1 or to decide according to the current location of the material property. Monetary gold, for example, is divided in accordance with the ratio of money in circulation in the hands of the population in a given territory. In dividing up foreign exchange reserves and assets of the state, it is necessary to take into account how the state debt is shared by the states involved. In breaking up the state, the creditor disappears and the successor states can have difficulties persuading foreign debtors as to whom they should pay and how much the payments should be. In the matter of state debts, the successor states should share fairly according to the agreement—provided they are capable of concluding one. However, we can anticipate that such a procedure would not be suitable to creditors and that they would exert pressure to see to it that the Czech state would guarantee their claims to the full extent.

It is difficult for us to estimate how those countries which have their diplomatic missions in Prague will proceed in recognizing two new states. Keeping a mission in the territory of a new state implies its immediate *de jure* recognition. To accomplish this, however, a number of countries require parliamentary approval, for example. Therefore, it is possible to anticipate that a number of countries would temporarily close their missions. Our embassies abroad would have to terminate their activities in the event of a partition of the state and the establishment of new offices would be left to each of the states separately. Even in acquiring membership

in international organizations (United Nations), the Czech and the Slovak state would have to once more undergo acceptance procedures.

[19 Jun p 2]

[Text] *From the standpoint of international law, Czechoslovakia is a unitary state which acts as a single entity under international law. The national republics do not even have partial attributes of international legal subjectivity. This finding can lead to two principal variations of the parting of the ways of the Czechs and Slovaks: disintegration (partition) of the existing state and secession (splitting off) of a new state unit.*

We wrote yesterday about the circumstances accompanying the disintegration of the CSFR into two new states; this time we shall focus on secession (splitting off) of a new state unit. This variant is being considered today particularly in conjunction with the referendum being prepared in Slovakia. Speculation that it should be the Czech Republic which should step out of the federation has, for the time being, not become a more serious topic of consideration for Czech political forces.

If the independent Slovak state were to split off from the federation, it would become an entity under international law, whereas the remainder of the republic would proclaim itself to be an entity identical with the Czechoslovak state, even if it had to change the name of the state and, among others, reorganize the government and its representative bodies. The problems of recognition, establishing diplomatic relations, entry into international organizations, and questions of state succession on the level of law and obligations would come to rest on the Slovak Republic rather than on the Czech Lands. The Czech state would prevail in the legal position of Czechoslovakia and would not be in need of new recognition by other countries and would not need to establish new diplomatic relations with them. The diplomatic missions in Prague would remain in place. International treaties would continue to be valid for the Czech Republic which would pull out only from those few treaties having to do exclusively with Slovakia (for example, the agreement with Hungary regarding Gabčíkovo-Nagymaros). On the contrary, the state which stood on its position of continuity (Czech Republic) would continue to be the exclusive creditor in relations with foreign countries. Debtors would pay only it, but the Czech Republic would have to have an agreement to settle with the new Slovak state. In matters of state debts, their payment would be a matter for the Czech lands, which would have to come to agreement with Slovakia regarding compensation of a certain portion of the debt, the burden of which would be carried by the Czech Republic.

The above facts indicate a certain disadvantage for that side which would declare its intention to secede from the federation. Therefore, the efforts of Slovak political forces to reach agreement on a confederative model of coexistence with the Czechs in gradual steps without calling for a referendum with a clearly formulated question dealing with the state independence of Slovakia are understandable.

**Daily Discusses Desirability of Referendum****Some Disadvantages**

92CH0736A Prague CESHY DENIK in Czech  
24 Jun 92 p 3

[Commentary by CESHY DENIK correspondent Pavel Safr: "Problems Facing a Referendum"]

[Text] In our krajs, the notion reigns that a referendum is the highest pinnacle of democracy. And we can take notice of the mighty strange sides which are calling for a referendum most vociferously in today's tense atmosphere. Traditionally, the following rule applies: The more leftist the left is, the more vigorously does it brandish the will of the people. The Communists were particularly always successful in pretending that they were the fired-up protectors of "ordinary" people against that dark and dirty conspiracy of the parliament and political plurality. When the chairman of the KSCM [Communist Party of Bohemia and Moravia] speaks about how the ODS [Civic Democratic Party] is exceeding its mandate in negotiating with the HZDS [Movement for a Democratic Slovakia] and is placing its power ambitions above the interests of the citizenry, he is demonstrating the absolute ideological purity of his political line from the standpoint of the communist movement.

The institution of the referendum is, in and of itself, a mere instrument which can be easily abused with a certain modicum of dexterity. In our case, perhaps for the purpose of overthrowing the results of the elections. In the case of popular voting, an essential circumstance always involves the individual who proclaims a referendum and how he formulates the question. This happens to be the way in which it is possible to anticipate the response. From direct democracy, it can, thus, be only a small step to monstrous theater, which has its prior scenario and its director.

By its very nature, the crisis of coexistence between the Czechs and the Slovaks excludes the utilization of a referendum as a fortuitous method of solution. This is a case requiring negotiation by regularly elected representations and a case for parliaments. In its present state, it is already primarily a case for the parliaments of the republics, because the Federal Assembly will not be by far the right place for the substantive dealings. The Federal Assembly is perhaps capable of adopting a law on waste materials, but definitely is incapable of running a state. Similarly, it will also not be clearly able to partition this state in a civilized manner. And the notion that this parliament should agree on formulating the question for the referendum is more than depressing.

The election results speak with unequivocal language. A referendum can make sense only as a ratification maneuver which will conclude the process of the legal splitting up of the federation. It would be useful if it bore on the future constitution of the Czech Republic. "The governing of your affairs shall ultimately return into your hands, oh, Czech people—even without a referendum." In the final analysis, it has long since returned and this continues to be reason for rejoicing.

**Possibly Preempted by Election**

92CH0736B Prague CESHY DENIK  
in Czech 29 Jun 92 p 3

[Commentary by CESHY DENIK correspondent Petr Pavlovsky: "A Referendum May Contradict Election's Results"]

[Text] The institution of a civic referendum is a kind of counterpoint to representative democracy. To the extent to which it is used in parliamentary systems, it means that in certain questions not even the delegates are certain of themselves or of their mandate, or they simply do not want to carry an overly great amount of responsibility. However, a referendum can definitely not be perceived as something to compete with parliaments, or even something hostile to parliaments as long as it is not even possible to declare a referendum without impetus from or at least agreement by the parliament—and that is our case as well. This indicates that a referendum is called for only in the event the parliament does not wish to or is not capable of solving a certain question. On the contrary, it is not the task of a referendum to change that which the voters have decided in the elections.

One of the most important questions to which Czechoslovak voters responded in the recent elections was the view regarding the further progress of the economic reform. It turned out that, in this matter, the opinions of the citizens of the Czech Republic differ from those of the citizens of the Slovak Republic by a wide margin. It is obvious that, in the event of republic-level referenda held with this topic in mind, the existing trend in the Czech Republic could easily be victorious (actually only the voters of the LSU [Liberal Social Union], the CSSD [Czechoslovak Social Democratic Party], and the KSCM [Communist Party of Bohemia and Moravia] are opposed) and, in the Slovak Republic, on the other hand, it would be rejected by an equally crushing method. Thus, the matter is obviously already decided and no referendum in this sense is necessary. And, nevertheless, one is being called for!

From the wide open Czech left, one voice is heard saying that "any form of a common state is better than its partition" (the CSSD); preservation of the CSFR is being desperately called for by the Slovak extraparlimentary right. What do both of these voices have in common? Disagreement with the results of the elections in the given republic. The vanquished, on both banks of the Morava River, are hoping that a referendum would make it possible for them to overturn or at least to "adjust" the results of the elections in their own favor.

However, the situation is somewhat asymmetrical. Whereas, in Slovakia, the antireform programs scored an overwhelming victory, the rightist parties won only a narrow victory in our country. (Unfortunately, the votes for the rightist parties, which, in contrast to votes cast for the coalition parties of the LSU, fell below the 5-percent line, cannot be counted). In practical terms, this means

that if the existing economic reforms are halted in an independent Slovak state, they would be equally halted in a preserved CSFR. The election decision of the majority of the citizens of the Czech Republic would be overturned.

Personally, I believe that there is no need for a referendum, that it would be a waste of money. Regularly elected delegates can solve the matter in a civilized manner and in a constitutional way to the satisfaction of the majority of the citizenry. However, should this solution nevertheless not come about, it is necessary to realize that a common state also means a common economy. I do not believe that Slovak voters would change their view of the economic reform over a period of six months. Therefore, every Czech vote for a common state would unfortunately be a vote against reform as far as its consequences are concerned.

### May Be Pointless

92CH0736C Prague CESKY DENIK  
in Czech 2 Jul 92 p 3

[Commentary by CESKY DENIK correspondent Josef Mlejnek Jr.: "A Useless Referendum"]

[Text] Following the elections and the subsequent discussions by the victorious parties, even the hitherto unshakable adherents of a common state slowly began to be reconciled with the idea that it is possible for the Masaryk republic to fall apart. However, a number of people still continue to place great hope in a referendum as some kind of miraculous medicine which is intended to reverse two years of ongoing civilizational differences between the Czech lands and Slovakia. And somewhere behind the leftist oak tree there lurks the Czech bolshevik left, sensing a chance at life.

All published public opinion polls probing the views of citizens with respect to the constitutional arrangement have one fundamental flaw. In addressing the respondents, they offer practically unrealizable variations, unrealizable in view of the current situation—such as, for example, a unitary or confederate state. In Slovakia, in view of semantic confusion, the situation is still more complex. The word *federacia* must be translated into the Czech language as *konfederacia* (confederation); *konfederacia* in Czech means two independent states which have concluded some kind of agreement with each other (something which the CSFR has in existence with virtually everyone, including Russia) and the Czech expression describing a slimmed-down minimal federation is equivalent to the term unitary state in the Czecho-Slovak political dictionary. If a person struggles through this thicket of concepts and takes into account the current disposition of political forces together with their views regarding the constitutional arrangement, he is left with only two possible variations: either a split or a nonviable and nonfunctional "free union." After two years of experience with these institutions, no one should be surprised to find that those of our institutions which monitor public opinion are 100 years behind political developments; nevertheless, we are once more witnesses of how much exaggerated importance is being ascribed to their expert studies. If they were trying

to determine the views of the citizens regarding the realistically possible variations, everything would right away be more legible. To ask people in Bohemia questions like, "Are you for a unitary (association, federative) state?" has the same significance as investigating whether they would not like to live in a sultanate or under Mahtism. Irrespective of what they would like, there are only two possible variations. This also leads to a single meaningful question for a possible referendum in the Czech lands: "Do you favor a free association between the Czech Republic and the Slovak Republic, as visualized by Mr. Meciar?" And the erring prognosticator, Milos Zeman, could also use other methods to satisfactorily predict what the outcome of such a popular vote would be.

In other words, a referendum is not only extremely unfavorable and dangerous from the timing standpoint, but is totally unnecessary, because the future fate of the CSFR was decided in the elections. The only unequivocal federal party which managed to get into parliament in Slovakia is the Hungarian coalition. Did the Slovak voters truly not know that they were voting for the disintegration of the state? But even if that were the case, the elections are valid and the victorious parties have a mandate to implement their election programs. The Czech left, true to its dialectic tradition, is accusing the chairman of the ODS [Civic Democratic Party] for Vladimir Meciar's desires to have Slovakia accepted as an entity under international law. If Vaclav Klaus were to sacrifice economic reform in the common state at any price, he would betray his voters and that is why, together with the federation, his election program contains a mandate for splitting up. His Slovak counterpart has the same. There is only one thing left—to dissolve the foundering federation and to embark upon the road of Czech (and Slovak) statehood.

### Prime Minister Vladimir Meciar Praised

92CH0716A Bratislava NOVY SLOVAK  
in Slovak 17 Jun 92 p 3

[Commentary by Milan Horcicak: "So Far Meciar Has Not Been Broken"]

[Text] Slovakia finally has a politician who has forced the Czech political representatives to start to take the Slovaks seriously. It is Vladimir Meciar. Through his unambiguous defensive program of the HZDS [Movement for a Democratic Slovakia] which is directed at achieving international legal status for the Slovak Republic as a separate entity, he has practically put to rest the dream of the current Czech politicians about the possibility of maintaining a "sensible joint state."

President Vaclav Havel has also become convinced of this and after Monday's meeting with Vladimir Meciar at the Castle he had to recognize officially that the "alternative of continuing the federation in its present form is unacceptable for the HZDS." The Slovak leader made it clearly evident to Havel that in the discussions being held with Vaclav Klaus he could not reach an agreement mainly on the questions of the state's legal composition. Vladimir

Meciar considers any attempt at "transforming the federation" as unrealistic because it is a drag on Slovakia's efforts at self-determination.

The Czech political scene now has only the last trump card in its hands to achieve its political goal, which is immediately calling a referendum. There is really nothing left to its most important figures, Havel and Klaus, than to "give the citizens a chance" for them to decide whether they want to live in one or two states. Both of them are therefore striving before the domestic and foreign publics to create the impression that it is just they who are trying to prevent a "threatening atmosphere of confrontation within the republic" and at the same time to pile the blame for its eventual breakup on the "intransigence" of the Slovak leader.

Luckily, Vladimir Meciar did not fall into this transparent maneuver of the Czech politicians, which has many supporters among those people in Slovakia who favor the federation. He uncompromisingly persists in maintaining the sequence of steps by his movement by which they will declare political sovereignty, approve a constitution of the Slovak Republic, and call a referendum. He is offering the Czech political representation the willingness to accept joint military defense of the state, one currency with an entire system of financial relationships, and the resolution of joint economic policies, but only within the framework of a confederation or the loosest kind of union. Such a coexistence of the Czech Republic and the Slovak Republic is dependent on achieving international legal status as an independent entity for each partner. However, Klaus and Havel continuously block this alternative. It is in vain, but they have gotten too used to an "advantageous federation."

Finally a politician has been found who will speak openly to the Slovaks and tell them that such a state entity is disadvantageous for them.

### Meciar's Perceived Attack on Media Discussed

#### TV Attacked

92CH0737A Prague LIDOVE NOVINY  
in Czech 26 Jun 92 p 3

[Commentary by Jiri Bigas: "An Attack Upon Democracy"]

[Text] A free press is one of the important pillars of democracy. If a political party usurps the right to decide about the press or acquires power over the press, this can mean the end of democracy. Czechoslovakia already has its woeful experiences in this regard.

The press is supposed to criticize politicians; rather than the politicians criticizing the press. In democratic countries, this is customary. A free press is governed by a legal code and by its obligation to inform the public. It must not

be controlled by the state nor by a political party. Politicians cannot determine what information the press should present and how it should present it because they, quite understandably, protect their own interests. They need for the public to learn the good things about them, rather than the bad things, the worst things, the polemics.... The framework in which the communications media move is outlined only by a democratically elected parliament in a democratic state. That kind of plurality is also a guarantee that the press will not be misused.

Vladimir Meciar, one-time prime minister of the Slovak government, chairman of the HZDS [Movement for a Democratic Slovakia], indicated in the Wednesday program of "The CST Daily" how he intends to handle one uncomfortable communications medium. He wants to do away with federal television. According to his words, the F1 channel should be preserved, but should be turned over to Czech Television and Slovak Television for administrative purposes. It is likely that this channel would then be used to transmit those correct pieces of information to the Czech Republic. The HZDS intends to initiate personnel changes; Vladimir Meciar did not exclude the possibility that the current director of Czechoslovak Television—before this institution dies—will be a citizen of the Slovak Republic and that he will come from the ranks of the HZDS. "So they can look forward to him," he said literally. And it sounded like a threat.

During the past two years, the chairman of the HZDS has several times complained about how the information media reported on the HZDS and on Slovakia. On Wednesday evening, he personally informed the public about how he visualizes democracy. According to indications from press conferences, in which he has repeatedly classified journalists into those to whom he will respond and those to whom he will not respond, he wants to disestablish one such communications medium. And until F1 is done away with, he wants to adapt it to his own image. For many people in Slovakia, and they are not necessarily only the members of the HZDS, the activities of federal television are like a thorn in the side. In their opinion, reports on Slovakia should be presented only by national media. Of course, the press is supranational and therein lies its strength. It transcends borders and it is precisely in the multiplicity of views of the world that it guarantees that the public will receive information it needs and to which it is entitled.

The abolishing of any kind of communications media does not lead to democracy. The way on the other hand lies in plurality. By abolishing federal broadcasts, a better image of Slovakia and its politicians will not be created. That which the prime minister of the Slovak government proposes is not good. It is better to denationalize Czechoslovak Television. So that it would be independent not only of the positions and views of the political parties, but also of the state.



### TV Defended

92CH0737B Prague LIDOVE NOVINY  
in Czech 26 Jun 92 p 3

[Unsigned article on the reaction of the director of Czechoslovak television: "The Role of Czechoslovak State Television"]

[Text] I consider the role of the federal media, at a time when decisions are being made regarding the existence of the CSFR, as being unique. This was stated yesterday by the central director of Czechoslovak Television, Jiri Kanturek. In reacting to the statements made by Vladimir Meciar, he further stated that CST [Czechoslovak State Television] exists on the basis of a law passed by the National Assembly in 1964 and on the basis of a jurisdictional law passed by the Federal Assembly in 1991. Thus, the disestablishment of this institution is possible only on the basis of appropriate Federal Assembly laws. Jiri Kanturek reminded his audience that the director of CST is appointed and recalled by the federal government. It is surely possible, he added, for a citizen of Slovak nationality to become director of this institution; similarly, this is possible with respect to Czechoslovak Radio. "The demand that this might be a representative of the HZDS [Movement for a Democratic Slovakia] or of some other political party, however, I consider to be unacceptable and a warning with regard to the activities of an independent television broadcaster," he stated.

### Attack Against Radio

92CH0737C Prague TELEGRAF in Czech 27 Jun 92 p 3

[Commentary by Eva Kucova: "Darkness as a Goal"]

[Text] The activities of Vladimir Meciar, chairman of the HZDS [Movement for a Democratic Slovakia], regarding the abolishing of federal communications media is showing an increasing trend. Following attacks on federal television, it became the turn of federal radio. All of this occurred after both of these mass media transmitted the press conference following the negotiations between the ODS [Civic Democratic Party] and the HZDS [Movement for a Democratic Slovakia] in unabridged form, in other words, without a single adjustment, without a single incursion which the chairman of the HZDS could have called an attempt at disinformation.

Obviously, V. Meciar is not all that much opposed to adjustments as he is opposed to those who make them. And this was surely the reason for the decision that until federal television is abolished on channel F1, this important communications medium should be directed by a "specialist" from the ranks of the HZDS. He told his future colleagues in CST [Czechoslovak State Television], as well as the viewers with glee, that they can already look forward to this specialist. This time, we can consider, without reservations, that V. Meciar is right because we can be sure that he knows what he is saying.

Returning to censorship is certainly simpler than to continue the economic reform at an unaltered pace. If the government of "specialists" from the HZDS has decided to reacquaint Slovak citizens with the forgotten times of darkness, it should bear in mind that this period is

followed by a period of rebirth. It is only a pity that, in spite of available history, the Slovaks will have to experience this situation bodily.

### Perceived TV Bias

92CH0737D Prague LIDOVE NOVINY  
in Czech 27 Jun 92 p 2

[Article by (kp, hri, ih): "Reports in Federal Television: The Status of the Tension—We Made No Incursions in Regard to the Shots"]

[Text] The HZDS [Movement for a Democratic Slovakia] is demanding the division of the administrative responsibilities for nationwide television broadcasts among the republics and, as expressed by V. Meciar, he does not exclude that the temporary director of CST [Czechoslovak State Television], until such times as the institution is abolished, will be a representative of the HZDS. One of the arguments in this regard is the distortion of CST reporting on events in Slovakia.

"CST ran that material on Slovakia which the news staff of Slovak Television offered it. CST participated directly in the broadcasting: It never happened that we in Prague were able to correct their feed or distort it in any way. If we did not present an adequate picture regarding Slovakia then this is so only because we had no other materials made available to us by STV [Slovak Television]," mentioned Jan Dobrovsky, the deputy editor in chief of CST News.

The decision was made halfway through last year that those television media which are located in Slovakia in accordance with the territorial principle would become the property of Slovak Television. In other words, CST agreed with the news editing staff of STV on collaboration. "It was an informal friendly agreement—with the provision that on the basis of our requests Slovak Television will process or will offer us footage from Slovakia on its own," noted J. Dobrovsky. "Unfortunately, it looked like STV only submitted an offering list of five or six items daily from which we selected that which we wanted to run without knowing the content of the contributions. Problems began particularly in the preelection period, when they refused to send information from the political scene, referring to the election law."

J. Dobrovsky even had this to say on the current situation: "The agreements persist, but it turns out that views regarding the dispatching of journalists differ. An example was even the Wednesday event involving J. Carnogursky. We are interested in collaboration, but if that becomes impossible, we will attempt to arrange for our own reporting from the Slovak Republic."

The situation was also commented on by the head of STV News, Jan Fulle: "No one wants to abolish F1, but rather the apparatus of people at CST News who produce such programs as 'Minutes of the Day,' 'The CST Daily,' 'Events and Commentaries,' and 'What the Week Brought.' To seeing a system of reporting become established on a normal level, because the present situation is unbearable." He said the following regarding the agreement between the editors of STV News and CTV [Czech Television] News: "Once each day, we would produce a joint report in the form of 'The CST Daily,' of course, without any kind of attacks and commentaries. The remaining programs would be so-called tear-off programs.

This means that at a certain moment on F1, CTV and STV would part company and would do their own reporting."

The deputy chairman of the ODS [Civic Democratic Party], J. Zieleniec, stated that the HZDS and ODS have agreed that the federal mass media will not be abolished, but that it is possible to adopt certain personnel measures. A concrete agreement should come about within a few weeks. The chairman of the Federal Council for Television Broadcasting, Ivan Medek, said that the director of CST will be selected by competition and not in accordance with the wishes of political parties.

### **Slovak TV's Proposal**

92CH0737E Prague MLADA FRONTA DNES in Czech  
29 Jun 92 p 2

[Commentary by Ivo Slavik: "And Here It Is"]

[Text] In the Saturday issue of LIDOVE NOVINY, the editor in chief of Slovak Television News, Jan Fulle, stated that no one wants to abolish F1, but only the apparatus of people who produce news reports for CST [Czechoslovak State Television]. Without saying why, he characterized them as being a pasquinade and came up with a noteworthy proposal: "Once each day we would do a joint news report in the form of 'The CST Daily,' but without any kind of attacks and commentaries. The remaining programs would be of the so-called tear-off nature. This means that at a certain moment on F1, CTV [Czech Television] and STV [Slovak Television] would go their own ways and do their own reporting." Thus, Slovak viewers would once more begin to be subject to the ministrations of the guardians of ideological purity who will have sufficient opportunities to massage the conscience of viewers to achieve the results they desire in a possible referendum. The fact that this is a relatively elegant image of censorship need not be doubted. And, by the way, this would not be the only case. In recent times, we have noted at least two prohibitions issued by STV. One involved rejection of the document on the Czechoslovak elections and the second made it impossible for former Prime Minister Jan Carnogursky to speak about some inaccuracies which Vladimir Meciar laid at the doorstep of the previous Slovak government.

### **Slovak TV's Own Program**

92CH0737F Prague MLADA FRONTA DNES in Czech  
1 Jul 92 pp 1-2

[Article by Robert Sobota: "The Instantly Born 'STV News'—CST Is Seeking Editors for Its Bratislava Operation"]

[Text] The decision by the management of STV [Slovak Television] to broadcast its own news reports was unexpected, even for the very editors of STV who had to

prepare for the new situation over a period of 10 days. "Slovak Television wanted to create its own news program, for which it will be fully responsible," is the judgment of the editor in chief of federal news reporting on CST [Czechoslovak State Television], Martin Vadas. "Thus far, the editors of STV, although they never were responsible for the production of regular news programs on F1, were under certain pressure from the Slovak political scene. The management of Slovak Television decided to create a new news program, for which it will be 100-percent responsible. However, we must now assure news reporting throughout the republic. That is why we are establishing our own editorial offices in Bratislava. We have been sending our own staff there for several weeks now anyway because the local editors were reluctant to ask certain questions. It is better to have expensive information than to have cheap information which is inadequate."

How will you acquire pictorial information from Slovakia?

"On the one hand, we shall be taking on news reports from Slovak Television and, on the other hand, we shall acquire information with our own forces. To take over shots is technically quite demanding because Slovak Television transmits at 1900 hours and we then only have 10 minutes to prepare during the interval between programs. But for now we have no other choice."

You virtually had to react to a new situation instantly....

"We are accustomed to receiving sufficient notice in the event someone cancels their collaboration with us. This did not happen. But I think that it will be healthy for people to be accountable to the entity for which they are working."

What will happen next, say, with foreign reporters?

"They are employees of Czechoslovak Television. They make contributions to various entities, including to radio. It depends on how their time will be utilized. They should first be working for Federal Television," added Martin Vadas.

As we were told yesterday by Peter Virsik, secretary to the editor in chief of STV News, "this is a decision by the director of Slovak Television and not an effort to create some kind of information barrier. Our program begins at 1900 hours and our Czech colleagues still have time to take on information for 'The CST Daily.' I would not consider it to be tragic." He added that Slovak Television had frequently been dissatisfied with the manner in which the offered shots were selected in Prague by the editors. "For purposes of foreign reporting, we make use of CST reporters, in the near future, we shall begin taking on service from CNN." According to Peter Virsik, the editorial offices of F1 news need not have been established as an independent entity at all.

### Reaction to Police Seizure of Court Documents

92CH0786A Budapest HETI VILAGGAZDASAG  
in Hungarian 4 Jul 92 p 15

[Unattributed article: "Searching the Premises of the Budapest Court of Registry"]

[Text] Reports about a sensitive legal scandal were leaked from the judicial district in the vicinity of Marko Street. Several sources informed HVG that on Friday, 19 June, three police detectives appeared at the No. 28 Nador Street building of the Budapest Court of Registry to remove documents pertaining to a Budapest limited liability corporation, asserting that the documents were needed in conjunction with a current criminal investigation. The head of the Court of Registry, citing a Ministry of Justice decree, refused to hand over the file; at the same time, however, he offered the detectives to study the file right there in the court's offices. In response to the offer the policemen, presumed to belong to the business crimes unit, unexpectedly presented a search warrant then seized and took away the file. The allegedly unprecedented incident caused indignation in legal circles; many lawyers regarded the incident as excessive action by the police. Incidentally, the file was returned to the Court of Registry last week, upon action taken by one of the Justice Ministry state secretaries.

Responding to HVG inquiries several experts stated that the detectives had gravely violated the unwritten rules of conduct in the administration of justice, even though they probably had not violated any law. As we learned from impartial experts, the head of the Court of Registry had properly refused the request by police based on Section (6) Paragraph 17 of Ministry of Justice Decree No. 13 of 1989 stating that the "Court of Registry shall provide a copy of documents pertaining to firms if requested by the authorities." Professionals claim that this rule is justified because the Court of Registry, a depository of authenticated information, must continuously preserve the information related to firms in its original form. Despite all that, the case cannot be regarded as arbitrary action by police according to several professionals; based on the law on criminal procedure the police are authorized to seize documents as factual evidence anywhere (i.e., in principle, also at the courts). The file involved in this incident was needed to investigate a case involving the forgery of a private document, it was alleged; accordingly, the police acted in a manner consistent with legal provisions presently in force, while the law applied by the detectives clearly prevailed over the lower level Justice Ministry decree.

All experts agreed that if necessary, legal provisions must be established to prevent this kind of police entry at courts of registry.

### IMF Specialist on Budget Deficit, Financing

92CH0666A Budapest FIGYELO in Hungarian  
11 Jun 92 p 23

[Interview with Dr. Gyorgy Szapary, IMF representative in charge of Hungarian affairs, by Gyorgy Varga; place and date not given: "How Long Can the Budget Deficit Be Financed?"]

[Text] A delegation of the International Monetary Fund will arrive in Budapest on 21 July to discuss implementation of a three-year agreement in place since 1991. Answering Gyorgy Varga's questions is Dr. Gyorgy Szapary, the Fund's representative in charge of Hungarian affairs.

[Varga] In your opinion, how will the IMF delegation react to the fact that by the end of this year Hungary's budget deficit may reach as much as twice the amount authorized by parliament, which is also the figure included in the agreement with the Fund?

[Szapary] The delegation will undoubtedly take a careful look at the state of the budget, reviewing the figures of the first 5 months, and paying special attention to the causes behind the growth of the deficit. Naturally, the delegation will also examine the situation of the Hungarian economy as a whole. The fact is that the budget is a sensitive part of the economy, as it may have an impact on the rate of inflation, the balance of payments, and on investments.

During the first five months of the year, there has been a decline in the rate of inflation, combined with improvements in the country's balance of payments and some favorable developments in the area of savings. At the same time, despite projections of a 0 to 2 percent increase, the GDP may continue to decline this year, albeit the rate of decline will be smaller than in 1991.

The IMF delegation will take all of these factors into account in assessing the budget deficit.

[Varga] Should the delegation find that the deficit, and particularly its increased rate, can have a negative impact on the macroeconomic processes you have just described, what is their position expected to be?

[Szapary] In that case, the delegation will probably offer appropriate economic policy recommendations. In formulating those recommendations they will have to determine whether or not the budget deficit can be financed. First, however, they will have to determine the point below which the deficit still does not threaten the balance of payments, and inflation and interest rates can still decline.

My opinion is that in a changing economy relatively high budget deficits during the first years of the transformation are not necessarily in conflict with the above goals because starting from a low level, the rate of popular savings has been significant and will be further stimulated by increases in the real rate of interest, income differentiation, growing social uncertainties and more investment possibilities.

[Varga] What guarantees are there that this strong propensity to save will be a lasting phenomenon?

[Szapary] It is indeed questionable whether or not that tendency can be maintained over the long run. So what may pose a real danger and risk, in my opinion, is the possibility that the size of the budget deficit may eventually reach the point where it can no longer be steadily financed. Steps must be taken to prevent expenditures from rising to a level where they cannot be maintained over the long run. Even if savings continue to grow, the



budget must not be allowed to "confiscate" them because that will force private enterprise out of the picture.

[Varga] Do you see any guarantees that in 1992 or 1993 the budget deficit will not exceed that certain critical level where it would endanger our balance of payments and accelerate the rate of inflation?

[Szapary] I feel very confident that the necessary steps will be taken to ensure that the deficit does not rise above the critical limit, for that is in the country's interest.

[Varga] I have the impression that in the short run you support the idea of financing the budget deficit from savings.

[Szapary] It makes a great deal of difference what percentage of those savings is used to finance the budget and how much is spent on economic development. It is also a fact, however, that the retargeting of expenditures and the implementation of reforms in the systems of redistribution are time-consuming processes. Of course, that only makes working on the reforms all the more urgent.

[Varga] Am I to interpret from what you have said that the IMF delegation will accept the budget deficit even though it is greater than what had been agreed upon?

[Szapary] I do not know what position the delegation will take. It is certain, however, that the delegation will not be looking at a static situation, but rather at the main economic processes, and its recommendations will deal with those processes and not exclusively with the issue of the budget deficit.

[Varga] Certain experts are of the opinion that a growing budget deficit may actually play a positive role in stimulating the economy. What is your opinion about this?

[Szapary] In a transition economy that is of rather limited relevance. The main reason behind the shrinking of the Hungarian economy has been the collapse of its traditional eastern markets and the appearance and strengthening of import competition in its domestic markets. The shrinking of domestic markets plays only a secondary role in the decline of production. Under these circumstances artificial stimulants can only have a very limited effect, and can actually worsen the balance of payments and aggravate the rate of inflation. In Hungary it is production that has to be restructured first, which requires investment, and that will be helped along by declining inflation figures and dropping interest rates.

[Varga] In professional and political circles it is sometimes argued that for political reasons at least, the IMF cannot afford to have a crisis situation developing in Hungary. For this reason, the argument goes, the delegation is not expected to take a firm stand.

[Szapary] That is a false notion. The aim of the IMF is to assist the economies it supports in entering onto a course

of permanent growth and multifaceted development. To that end it promotes economic policies which, by making effective use of available resources, will lay the foundations of lasting development. Naturally, the Fund also takes into account the special circumstances of the individual countries, contrary to the other frequently heard charge that the IMF makes the same recommendations to everyone, which is also without foundation, but it only supports economic policies that promote lasting growth.

The situation Hungary and the other Eastern European countries are in is unique in that there is no ready-made "recipe book" for them to follow in effecting their transformation, and that the IMF is also constantly learning from their new experiences.

[Varga] There are heated debates concerning what constitutes a business-friendly economic policy. What do you think is needed to stimulate enterprise?

[Szapary] First of all a stable predictable economic policy aimed at reducing inflation and cutting real interest rates. That in itself, however, is not enough to create a business-friendly environment. Appropriate steps must also be taken to promote privatization, the modernization of the banking system, and developing the infrastructure.

[Varga] You have witnessed firsthand the historic transformation that began here more than two years ago. What development or change has struck you as most unexpected in the course of that process?

[Szapary] At the outset of this transformation process everyone knew that there would be uncertainties and risks. Still I cannot say that I have not encountered surprises. I do not believe, for example, that anyone could have expected the economic depression to be this profound or to last this long. Everyone expected that there would be a temporarily decline in production as a result of withdrawn subsidies, growing import competition, and the implementation of economic policies designed to curb inflation and improve the balance of payments. What no one could have predicted was the dramatic collapse of the Soviet market and the multiple negative effects it has entailed, wreaking havoc on production in Hungary and the other Eastern European countries. It is a retracting force that has made the implementation of reform programs immensely difficult. The reason it is important to recognize and understand that fact is so that we can avoid the mistake of looking at the country's economic policies as the main sources and causes behind its economic difficulties. The question we should be asking is how those economic policies have reacted to the objective processes. The restructuring of production, the development of institutional systems, and the transformation of property relations are long-term processes that require coordinated action and perseverance on the part of economic policy makers

**Spirit of Communist Past Haunting Europe**  
*92CH0802A Budapest HETI VILAGGAZDASAG  
in Hungarian 27 Jun 92 pp 83, 85*

[Article by Gyorgyi Kocsis: "State Property Management Corporation; Placing Their Hands on the Property"]

[Text] "Representatives Karoly Lotz, Karoly Attila Soos, and Matyas Eorsi propose that the title as well as Paragraphs 1 through 32 of the legislative proposal be deleted." That is the wording of one of the shortest substantive amendments to the legislative proposal providing for the establishment of the State Property Management Corporation (AVRT), a proposal that happens to consist of 32 paragraphs. That strikingly terse summary of the devastating view of the opposition is hardly supported by the National Assembly as a whole, scheduled to decide the fate of the proposal in plenary session after we go to press. Nevertheless, considering criticism coming from the coalition side, the concept introduced as one of the pillars of the government's privatization strategy is expected to undergo some metamorphosis.

Only now does the spirit of communism really haunt (Eastern) Europe: although the political system has passed away, its spirit continues to hover in an unchanged form. That is shown in part by the flourishing Orwellian "newspeak": still today, state leaders love to express themselves in euphemisms, and things are not being called what they really are.

Examples could also be given in the area of ownership. At a press conference last week, State Property Agency [AVU] Managing Director Lajos Csepi wanted to describe the promising progress of privatization in Hungary by presenting data showing that from among approximately 2,000 state enterprises almost 1,000 had already been touched by the winds of corporate transformation. Who else, but the AVU, should know better that the formality of transforming a state enterprise into a stock corporation is far from being the same thing as privatization, at least as long as the state continues to exercise majority control. Of the three legislative proposals officially referred to as the legislative package on privatization, the most important one—amendments to provisions concerning and related to the utilization of state property subject to long-term or temporary state ownership—specifies what the state should not privatize and provides reasons for the same. Last, but hardly not least, in submitting the legislative proposal on behalf of the government, State Secretary Tamas Isepy stressed that the AVRT, the new organization disposing of state property not subject to privatization, was not really a manager of the property under its jurisdiction, but the owner of that property; the only thing Isepy failed to explain was the reason for not naming the corporation accordingly.

The legislative proposal expected to be finalized this week is going to further broaden the paradoxical process that had been observed ever since the MDF [Hungarian Democratic Forum] government's ascent to power: the nationalization of privatization. While voicing watchwords like "this state

is not that state" and "we will do better than that," the Antall cabinet felt it necessary to broaden the powers of the AVU as early as a few months after the elections; then early last year, certain semiofficial lists had been prepared about enterprises which had to remain under full or partial state ownership, by all means. The year 1991 passed amid coalition attacks on "squandering" and "salvaging" on the one hand, and critiques by competent foreign organizations objecting to the slowness of privatization in Hungary. Last summer, when the fiasco of centralized privatization programs had become obvious, one could have believed that the concept of accelerating the removal of the state from its property would prevail in the conflict. A plan had been finalized by fall, however: The western "goat" should be "fed" the idea of decentralized privatization, at the same time, however, the more tasty "cabbages" should be reserved for the more hoggish Hungarian etatists.

Beyond that, no official explanation had thus far been given about the goals and possible consequences of blocking privatization within a certain enterprise group whose dimensions remain unknown for the time being. In introducing the legislative proposal concerning the establishment of the AVRT last March, the government's representative used essentially the same tautological arguments as the legislative proposal: The state is unable to remove itself from the economy because it has certain interests that demand its continued presence. "For that reason the state...must engage itself in entrepreneurial activities," Tamas Isepy said. The misconception of an "entrepreneurial state" could not be put to rest even after a remark by KDNP [Christian Democratic People's Party] lead spokesman Tibor Fuzessy in the course of parliamentary debate, asserting that "the state is, by necessity, the most untalented entrepreneur." (True, that essential finding did not prevent Fuzessy from subsequently giving his full support to the legislative proposal.)

Just what exactly the interest of the state is in pieces of property other than so-called nonprofit organizations, regularly sustained by taxpayers' money in market economies, is revealed by the legislative proposal to such small extent that even ruling party representatives got fed up during the past weeks' parliamentary debate. Beside others, a no smaller personality than Istvan Szucs, (the convener of the economic committee) and a pillar of the Monopoly Group that functions as the MDF's commando unit, complained that the viewpoints presented in the legislative proposal for the definition of long-term state property "are not entirely specific," to put it mildly. For example, regarding conditions for retaining state property under long-term state ownership, the legislative proposal has this to say: "if that is justified from the standpoint of economic strategy, considerations pertaining to the national economy or for some other important interest, or if the property or part of the property supports some national public service goal, or if the properties or parts of properties can only be operated efficiently in the framework of a production or distribution system, and if the sale of the property or part of the property takes an inordinate long period of time."

Oddly enough, the AVRT legislative proposal placed on the same side both the opposition that criticized virtually

every word of the proposal, and coalition representatives ground by the millstones of loyalty to the government on the one hand, and legislator's pride, on the other. It so happened that SZDSZ [Alliance of Free Democrats], FIDESZ [Federation of Young Democrats] and MSZP [Hungarian Socialist Party] representatives were not alone in regarding as unacceptable the situation presented by the legislative proposal, a situation in which the government is able to circumvent parliament when designating property to remain under long-term state ownership. Pal Dragon of the Smallholders-35 and Nandor Rott of the KDNP, too, registered their protests, the latter referring to the process let loose by the law as the second nationalization. Matyas Eorsi pointed out the immeasurable, great significance of the choice of assigning decisionmaking authority regarding long-term state ownership to parliament versus the government, claiming that "arguments and counterarguments which serve as the foundation for government decisions are not made public." At this point, however, no quick help is being provided to the rightfully uncertain investor regardless of the outcome of the debate—investors who did not make more progress in their Hungarian privatization negotiations because they were waiting for the designation of long-term state property: They must continue to wait either for a government decree addressing the subject, or perhaps for another decision by parliament, most certainly involving a protracted process.

No wonder, the opposition sees the legislative proposal as a huge threat of a magnitude comparable to that presented by the state budget; a threat involving the uncontrolled movement of state property, a further extension of government personnel policies, and the public financing of the ruling party's political purposes. In essence, the proposal limits parliament's authority over the AVRT to making the AVRT render an account of its operations once a year. The government would not only determine the scope of the assets of that extremely powerful organization, stockholders interests in the corporation would also be exercised by only one person—notably the minister designated by the government, and the prime minister would appoint the 11-member board of directors as well as the president of the corporation (for four-year terms). The thus exclusively government-controlled corporate giant could then place all enterprises assigned to it under state administrative supervision—and it would do so immediately after the establishment of the AVRT and after the designation of those enterprises. The AVRT would also change the enterprises into business organizations, moreover, within two months after the promulgation of the government decree, it would rapidly transform the organizations into stock corporations: It would appoint the corporate officers, could sell the corporate assets at will, or order the assets to be placed under separate property management, and could transfer the assets to other corporations. Moreover, it could use the assets to establish or support a politically charged foundation if the National Assembly rejected an amendment to be introduced by a representative prohibiting the use of assets for such purposes.

By adding yet another new law to Murphy's laws—"the government will render suspect anything that can be rendered suspect"—the AVRT legislative proposal goes a

long way to permit that organization to become the hotbed of corruption. While at the AVU it has become unavoidable to render transparent the tender bidding process, one provision of the AVRT legislative proposal requires that the institution reach an agreement with the bidder submitting the most favorable offer. The immediately following provision, however, provides an escape: the organization "May deviate from this rule, but the possibility of such deviation must be stated in the tender offer." Of even greater concern is the fact that an effort in the course of section-by-section debate to tighten conflict-of-interest rules regarding the officers of the AVRT and of the corporations under the AVRT appeared to have failed. FIDESZ Representative Lajos Kosa thus has only a small chance of persuading parliament to agree to his proposal based on practices pursued in developed civil democracies, one that would prohibit any National Assembly representative from becoming a member of the board, of a supervisory committee, or other executive officer at the AVRT, or at any corporation in which the state directly or indirectly exercises more than 50 percent control.

The general intent supportive of the AVRT proposal states that "state property is needed to perform the functions of the state." Short of state household reform to curtail the preponderance of state power over the economy and society, there appears to be a multitude of "tasks," and owning property appears indispensable. Personal interests that could not be suppressed have also contributed to that content. In all likelihood, only a newly composed government after the next elections could attempt to reverse the process, provided, of course, that the property does not melt away in the meantime in the hands of a government with "entrepreneurial" inclinations.

### State Support for Social Organizations Debated

92CH0700A Budapest HETI VILAGGAZDASAG  
in Hungarian 13 Jun 92 pp 108-109

[Article by Klara Makara: "Subsidizing Social Organizations. Primary Distribution of Capital"]

[Text] *What is the White Ring? Let us support instead the Hungarian section of the high-sounding International Police Association! The Order of the Knights of Saint Lazarus could probably make better use of that million than the Pioneers! Perhaps thoughts like these were running through the minds of parliamentarians in recent weeks as they were amending the draft resolution of the Ad Hoc Committee for Coordinating the Allocation of Subsidies to Social Organizations, making the initial draft practically unrecognizable.*

The two parliamentary rounds—on the Tuesdays of last week and the week before—in which the National Assembly was supposed to decide the allocation of subsidies from the national budget to social organizations ended in political rows producing small bangs. Since then, after we went to press, voting on the proposed amendments continued, if and when a quorum could be mustered.

The first round of voting on the proposed amendments ended when the Smallholders walked out; the subsidy for the Hungarian Peasant Alliance was just being reduced, in

favor of some organization serving a health-related cause. The second round ended when the Socialists, and then also the SZDSZ [Alliance of Free Democrats], announced that they were not participating in the voting, thereby effectively depriving the National Assembly of a quorum. The Socialists were incensed because a series of amendments had already whittled away 4.66 million forints, for a variety of other causes, from the 10.7 million forints originally earmarked for the Hungarian Pioneers Association that organizes spare-time programs for 83,000 children. The SZDSZ regarded the entire process of piecemeal amendments as unacceptable. Bela Csepe, the chairman of the Ad Hoc Committee for Coordinating the Allocation of Subsidies to Social Organizations, hinted that on this occasion the SZDSZ had helped to deprive the National Assembly of a quorum because the amendment to reallocate funds in favor of the IDE [expansion unknown], the SZDSZ-friendly youth organization, was rejected, whereas the IDF, the youth wing of the MDF [Hungarian Democratic Forum], received an additional 1.1 million forints, at the expense of the Pioneers. However, that plausible-sounding explanation is not true. As the tallies published in the National Assembly's record show, the SZDSZ deputies typically abstained from voting, more or less in line with the standpoint of their caucus. In the voting on the amendment to increase the subsidy for the IDE, for instance, there were 12 noes, 23 abstentions, and only 8 ayes from the SZDSZ benches.

Watching the voting on the proposed amendments, an observer might have had growing doubts as to whether a large legislative body could or should attempt to decide "democratically" the question of public subsidies to barely known or completely unknown organizations, when the overwhelming majority of the voting legislators know nothing about the membership, goals and operating conditions of the organizations whose subsidies are to be increased or reduced? Merely on the basis of the sympathy or antipathy evoked by the names of the organizations, and perhaps depending also on who is introducing the amendments, is it permissible to make decisions involving millions of forints and affecting the future of groups laboring enthusiastically for various causes?

In all, 420 million forints has to be divided among the organizations. To pave the way for the allocation of subsidies, the National Assembly established an ad hoc committee to prepare a draft resolution on the allocations. On that committee, the parliamentary parties are proportionately represented. It invited deputies to submit their own proposed draft resolutions. After three or four months of evaluating the submissions, the committee accepted a proposed draft resolution that, although not perfect, was balanced, contained compromises, and conformed more or less to certain coordinated basic principles. That was the draft resolution the two dozen amendments passed so far have upset completely. Two MDF members of the committee concerned with the allocation of subsidies to social organizations even introduced before the full National Assembly their own amendments. Aside from the irrationality of allocating funds in this manner, it also raises doubts about the ethics of the method. For it had been

declared incompatible for a member of the Ad Hoc Committee for Coordinating the Allocation of Subsidies to Social Organizations to be an officer, or a member of the governing body, of a social organization receiving a subsidy; but that criterion was not applied to amendments introduced before the full National Assembly.

The fact that the deputies' originally proposed amendments are not what the full National Assembly is actually voting on makes the whole affair even more intriguing. Namely, the Budget Committee had to modify the figures contained in the originally proposed amendments, to ensure that the total of the amounts to be reallocated from a given organization is not greater than what the said organization could otherwise have received. For instance, the proposed amendments would have reallocated from the Pioneers a total of more than 70 million forints, to a variety of other organizations—mainly organizations for youths and children, respectively—whereas the original draft resolution would have provided merely 10.7 million forints for the children wearing those, probably irritating, red neckties. Some 90 percent of the subsidy originally earmarked for the Feminist Network was quickly taken away from it and divided between the Society for the Protection of Fetuses and Pacem in Utero. Among others, the Hungarian Medical Sciences Association, the National Council of Hungarian Youth Organizations, and the Federation of Public Associations were likewise singled out for harsh treatment: several of the proposed amendments wanted to trim their subsidies as well.

So far, the National Assembly has voted on 51 proposed amendments, agreeing to 24, rejecting 5, with 22 still pending as we went to press. And the final vote, of course, has yet to come. It could mean that the whole process of allocation has to start all over again, in which case also the amendments already agreed to would be void.

Many people in the National Assembly have already been saying that next year it will not be possible to maintain this solution for the allocation of state subsidies. But the question is whether new legislation can be drafted and enacted in time to forestall similar difficulties in 1993. Bela Csepe deems it advisable to give his committee full authority to distribute the total amount appropriated for subsidies. Edit Rozsa (SZDSZ), the committee's deputy chairperson, prefers a solution under which social organizations would receive some kind of normative subsidy—based on the number of their members, for instance—to provide the basic conditions for their operation. Deliberation in committee would not be necessary to distribute such subsidies. And the social organizations could compete in applying for subsidies to support their activities.

To round out the picture of state subsidies to social organizations, it should be mentioned that this "plenary" method is not the only way public money is being channeled to them. In addition to the mentioned 420 million forints—which actually is very little, considering that there now are between 10,000 and 12,000 social organizations in operation—the approved national budget lists several subsidized social organizations, and three ministries and yet another parliamentary committee are likewise doling out



money to social organizations. Besides the many off-budget foundations for a share of whose money social organizations may also apply, there is the cash-rich State Lottery Fund with about 1.2 billion forints this year to support youth activities, health care, welfare, and sports.

In the maze of funds and applications, probably nobody, not even the applying organizations themselves, has a clear picture of how much subsidy will be given which social organization this year. If for no other reason than because it is useless to ask applicants what financial resources they have available. All the applications for subsidies from various sources are judged, and the subsidies awarded, usually in the first quarter of each year. Under these conditions, the luckier applicants might get substantial

amounts from even two or three sources for their respective causes, but probably far more applicants might not get any subsidy at all. Another problem with annual applications and awards is that the organizations' material resources can change drastically from one year to the next. By the time an organization develops the background necessary for its activity, a shortage of funds might compel it to discontinue its operations; while another organization for a similar cause starts all over again the following year, it too just for a year. Probably it will be possible to at least create logical order in the matter of state subsidies for the so-called civil sphere only when legislation (or a legislative package) will have been enacted to regulate the activities of nonprofit organizations.

# **Poll Illustrates Society's Electoral Preferences**

92EP0538A Warsaw RZECZPOSPOLITA  
in Polish 1 Jul 92 p 1

[Article by R.W.: "Votes Scattered, Turnout Low: Preelection Social Research Laboratory Poll for RZECZPOSPOLITA"]

[Text] The Democratic Union (UD) and the KPN (Confederation for an Independent Poland) would be the two strongest parliamentary groupings were elections to be held now. The scatter of votes would still be broad, and voter turnout might not exceed 30 percent. This is indicated by a poll conducted on 20-21 June by the Social Research Laboratory (PBS) in Sopot.

Nearly one-half of the respondents (46 percent) contend that new elections to the Sejm should be scheduled, and similarly nearly one-half (49 percent) declared their intention to vote in them. But only 24 percent of the respondents declared that they are certain to go out and vote. According to the pollsters, the experience so far of the PBS indicates that the actual voter turnout would be close to the percentage of respondents answering "definitely yes" when asked whether they intended to go out and vote. That is indicated by the experience gained with elections to local governments, to the presidency, and last year to the parliament.

The composition of the future Sejm following the eventual next elections can only be speculated about in the absence of certainty about the nature of the future electoral law (will it decree proportional, majority, or mixed elections? What will be the threshold—the minimum percentage of votes needed by a party to gain the right to be represented in the parliament? Will there be a national list of candidates?). Should the 1991 electoral law be retained, the next Sejm would of a certainty be no less fragmented than at present; various polls list respondents as declaring their intention to vote for at least 20 parties.

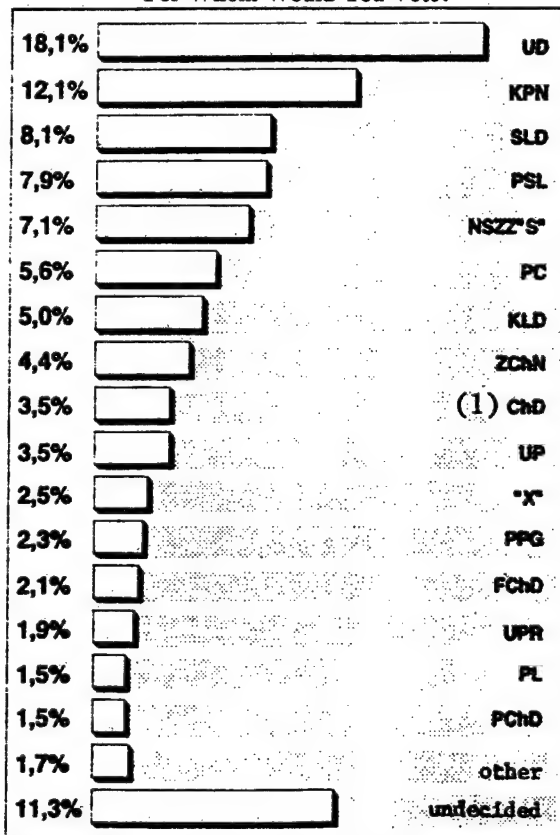
Should the new electoral law be entirely based on proportional elections with a five percent threshold, our poll indicates that six or seven parties—the UD, the KPN, the SLD [Alliance of the Democratic Left], the PSL (Polish Peasant Party), NSZZ Solidarity, the PC [Center Accord] and, with the required minimum of votes, the KLD [Liberal Democratic Congress]—would be certain of winning seats in the parliament even if on their own. A Pentor poll taken a week earlier for the weekly WPROST (it is worth noting that many of its findings coincide with the PBS poll) indicates that the five percent threshold would also be exceeded by the Peasant-Christian Party (SLCh, the former Solidarity PSL) and Rural Solidarity.

The resulting new Sejm might not include the ZChN [Christian-National Union], the PPG (Polish Economic Program [the "Big Beer" Party]), the Christian-Democratic Forum (FChD, Jan Olszewski's party), the Union for Real Politics (UPR), Party X, the Union for Labor (UP), and the Peasant Accord (PL). Of course, that is only in the event that these parties would be competing in the elections independently rather than by forming alliances. But it is to be expected that electoral coalitions will be formed, and for those it is certain that a different vote threshold will be fixed (an 8-percent threshold is being

mentioned). Should the present "Trio" (the UD, the KLD, and the PPG) retain its alliance when competing in the next elections, it could count on 25 percent of votes. A coalition of the PC, the ZChN, the PL, the PChD, and the SLCh, assuming that the SLCh will gain the same percentage as in the Pentor poll (8 percent), could garner up to 21 percent of the vote.

On the other hand, the picture of the next Sejm will be difficult to assess if the new electoral law is of the "mixed" kind, that is, if it provides for proportional elections of some of the deputies in multiseat districts and majority elections of others in single-seat districts (as proposed by the Democratic Union).

**For Whom Would You Vote?**



Rzeczpospolita/A.W.

## **(1) Christian Democracy (Party)**

The respondents who are resolved to go out and vote are mostly males, upward of 59 years old, persons with higher education and with average monthly incomes (1-3 million zlotys per family member) and high incomes (upward of 3 million zlotys). The desire to vote is fairly common among members of the managerial class but low among homemakers, farmers, and students. Greater voter turnout can be expected in cities, especially the big ones, than in the countryside.

It is worth noting that preelection polls merely reflect the situation "here and now." Given such a rapidly changing political scene in Poland, nearly every day can bring new developments. According to sociologists, the reason why one or another political party becomes a winner or a loser may even be just a single event, a single declaration, and particularly great shifts in popularity may occur during the electoral campaign. For it is then that undecided voters, who account for 11 percent, will have to take the final decision.

NOTE: This poll was taken for a 100-member representative sample of adult Polish citizens. The interviews were held in the homes of the respondents.

### **NOWA EUROPA Editor on Press Problems**

*AU2207084392 Warsaw SZTANDAR MŁODYCH  
in Polish 15 Jul 92 p 6*

[Interview with Krzysztof Teodor Toeplitz, editor in chief of NOWA EUROPA, by Waldemar Grzegorzcyk; place and date not given: "Everyone's Got Problems"]

[Text] [Grzegorzcyk] The 100th issue of NOWA EUROPA appeared recently. There are rumors that your newspaper only has enough money to appear until the end of August. In that case, will there be a 200th issue?

[Toeplitz] Indeed, some papers, such as SZTANDAR MŁODYCH, have said that the end of August will also mark the end of NOWA EUROPA. But according to our figures, the end of August is not the end of time for us, and I think we will see a 200th issue.

[Grzegorzcyk] Four new national dailies have appeared over the past year. One of them, OBSERWATOR, has already been suspended. GLOB 24 is to become a weekly. NOWY ŚWIAT appealed to its readers for help. What is NOWA EUROPA's situation?

[Toeplitz] There is no newspaper in Poland today that does not have financial problems. That applies not just to new titles, but also to those that have existed for a long time.

There are several reasons for it. The first one is that readers are poorer. Hardly anyone these days buys several papers at the same time, and people decide on one title. The second reason is that the costs of paper and printing are rising constantly, and determine whether or not it pays to publish a particular paper. The third and final reason is that the advertising market has shrunk. We are going through a recession, and either firms have no money, or there are such financial bottlenecks that relatively less money is spent on advertising. Not only that. I saw some figures recently showing how much money foreign firms were spending on advertising in Poland, Czechoslovakia, and Hungary. The figure for Poland was one-fifth of the figure for Hungary.

Another factor that certainly does not make life easier for newspapers is the distribution activity of "Ruch." "Ruch" has a virtual monopoly on distribution. It operates about 20,000 kiosks, where most papers are bought. The rules governing the relationship between the publisher and the

distributor are formulated in such a way that the distributor is not much interested in selling papers. Sometimes the distributor finds it more profitable to transfer a bundle of papers from point A, to where it has been delivered, to point B, from where it will be returned together with other unsold copies. He will not even be bothered to open it up.

[Grzegorzcyk] Let us get back to NOWA EUROPA. The 100th issue did not contain any ceremonious editorial, but it did contain statements by politicians about the paper. They praised its honesty and its desire to preserve its objectivity, at the same time that they complained about its lack of a political line, or disagreed with its political thinking.

[Toeplitz] They attributed various political lines to us. What I liked most was that some of them said we have no political line at all. I found satisfaction in that opinion, for it means that no politician can consider our paper as his own. We have tried to create an independent paper that does not suit any political party. That might upset some politicians who would like to have our paper as a mouthpiece for their party. But we prefer to remain unconnected with any party.

[Grzegorzcyk] You are not the only ones. Most of our press has ceased to represent political parties.

[Toeplitz] I disagree because, with few exceptions, all the papers appearing around us are party papers. After reading a paper, one can see exactly what faction or option it supports. In fact, since the dissolution of the Workers Publishing Cooperative [RSW], practically all the papers have been sold to parties and perform the tasks of the party they have been sold to. But we never belonged to the RSW because we appeared too late, and in principle we do not identify ourselves with any party. We deal extensively with politics, but we try to do so in a way that displays all the political streams that exist in Poland today.

[Grzegorzcyk] You said that papers have been sold off to various parties. The RSW Liquidation Commission has developed the idea of amending the RSW Abolition Act in such a way as to permit some press titles to be transferred to new owners. Mr. Hofman, the chairman of the commission, stressed that the only reason for doing so would be to protect the national treasury, but one of the commission's members, Ryszard Czarnecki of the Christian-National Union, claims that the reason for the amendment is that some papers have fallen into the hands of postcommunist forces, and the commission is now trying to rectify the error.

[Toeplitz] I am very worried about the revision to that act. Not as editor of NOWA EUROPA, but as a practitioner. The way I see it, the changes of ownership would take place according to party criteria. It means that every time there is a change of government, we are going to relocate various papers among various parties, a ridiculous situation.

There is something else involved. Almost all papers were in some way controlled by political parties, but a few of them were deliberately given a low political profile, so that they were more like "family" newspapers. Examples are



ZYCIE WARSZAWY and EXPRESS WIECZORNY. It never occurred to anyone buying these papers that they were actually political. But now that the papers have changed hands, they suddenly appear very much political, displaying a clear political option, which comes as a surprise to readers. The reader had grown accustomed to a nice, politically neutral paper, and then all of a sudden he sees that his paper reflects political party thinking.

I think the readership market has changed very much. People notice that although the name of a newspaper has remained the same for years, the paper itself has changed completely, and they stop reading it. I think it will take two or three years for everything to "settle down," provided of course no new upheaval occurs in the meantime.

[Grzegorzcyk] What kind of press titles do you think our market can accommodate?

[Toeplitz] It is difficult to say, everyone is trying out his own formula. I think there is room on our market for papers like ours, containing objective reporting and addressed to businessmen. There is also room for something like the German BILD, i.e. a popular journal, and sooner or later someone will come up with the idea of producing it. All the market surveys indicate that such a journal would be well received.

[Grzegorzcyk] Would you publish it if someone asked you to?

[Toeplitz] That is a difficult question. I might give it a try as a professional exercise, but I would not want to do it for any major length of time.

### **Triangle Free Trade Zone Liberalization Examined**

92EP0508B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 8 Jun 92 p II

[Article by Katarzyna Jedrzejewska: "Duty- and Tax-Exempt: Trade Within the Poland-CSFR-Hungary 'Triangle'"]

[Text] "Nowadays we practice mutual discrimination in our trade with Czechoslovakia and Hungary," declared Andrzej Rutkowski, vice director of the Economics Department at the Ministry of Foreign Economic Relations.

"As of 1 March our trade with EC countries is based on preferential principles. Other countries, including Czechoslovakia and Hungary, do not enjoy similar privileges in our market. And conversely, we do not enjoy the privileges that Czechoslovakia and Hungary guaranteed the EC."

### **I Shall Give as Much as I Get**

An opportunity for liberalizing trade within the "Triangle" may be afforded by the free trade zone. Right now trilateral talks on establishing it are underway. The end of July 1992 is said to be the deadline for concluding the talks. Talks on appendices to the agreements, that is, on bilaterally negotiated lists of reciprocal commodity concessions, are somewhat less advanced. That may delay by two or

three months the effective date of the agreement, originally planned for this coming July.

The idea of forming a free trade zone appeared during the first meeting of representatives of the "Triangle" in Bratislava. It was again discussed in Vysehrad, and in Krakow the heads of the three countries signed a declaration stating that liberalization of trade should occur as soon as possible.

Unlike the trade agreement that we had concluded with the EC, the agreement on the free trade zone would be based on two principles: symmetry and equivalence. In other words, I shall give as much as I get, and vice versa.

Nowadays, it is said that Poland has weaker cards in the talks. In principle, it only applies duties, whereas Czechoslovakia and Hungary can also use other market-protecting instruments. The effect of duties on prices can always be minimized by reducing, for example, the profit margin. Quota restrictions cannot be avoided and will have to be eliminated.

"Herein lies the principal problem in our talks: How can they be reduced to a common denominator? How can the principle of equivalence be followed during individual stages of liberalization?" commented Director A. Rutkowski.

The Czechs emphasize that in their country the average customs duty is 6.7 percent, whereas in Poland and Hungary it averages about 14-15 percent.

But the Czechs levy a 10-percent profit margin fee on market goods, which neither the Poles nor the Hungarians levy. When we add that to the duty, the result is the same.

In their defense the Czechs employ the tax argument:

"In our country the sales tax on imported merchandise is the same as on domestic merchandise. In Poland, Czech beer is taxed more heavily than Polish beer," said Josef Bazant of the Commercial Department of the Czechoslovak Embassy.

The Polish draft of the understanding presupposes that all the existing import quota restrictions, or other barriers of a similar nature, will be abolished once the agreement takes effect. In addition, it envisages that, in trade among Poland, Czechoslovakia, and Hungary:

- All three countries will apply reciprocal most favored nation clauses in accordance with GATT regulations.
- Importation of merchandise will not be burdened with any additional duties.
- No quotas or similar restrictions will be applied to imports.
- No new restrictions on import prices will be introduced, and all the such existing instruments will be eliminated once the agreement takes effect.
- No new duties, quotas, price restrictions, and other measures limiting exports will be introduced.

### Versions

Currently, two versions of creating a free trade zone are under consideration. The first assumes that it will be a one-time undertaking, consisting of the total abolition of reciprocal tariff encumbrances (duties and taxes) and nontariff ones; it is assumed that it would result in a 30-percent growth of Polish imports and exports in relations with the two other countries.

Under the second version, the establishment of the free trade zone would take place in three stages: during each stage the tariff rates and nontariff encumbrances would be reduced by one-third. It is assumed that, after the barriers are reduced by two-thirds, trade would increase by 20 percent; and that after they are reduced by one-third, trade would increase by 10 percent.

### Advantages and Disadvantages

The principal question we can ask now is, will it pay us? First, it should be borne in mind that a free trade zone is not a customs union. All we are liberalizing is trade. Second, the abolition of customs and nontariff barriers affords an opportunity whose exploitation will depend on our manufacturing potential and export possibilities.

The advantages of the free trade zone to Polish exporters are obvious. The abolition of import restrictions on Czechoslovak and Hungarian borders would enhance the competitiveness of our products.

On the other hand, the effect on the state budget cannot be assessed unequivocally. The government will have to relinquish the receipts from the duties and taxes until now levied on imports from Czechoslovakia. Still, the reduction in prices and domestic costs can produce a net positive effect on the economy. The abolition of customs and nontariff barriers would stimulate exports and hence also manufacturing. The influence of competitiveness of Czech and Hungarian goods, which would be cheaper owing to our abolition of duties, would also be substantial.

In assessing the effects of the free trade zone, allowance should be made for two factors: competition and demand. The abolition of duties and other import fees will of a certainty make prices more competitive. But that will not always suffice to drive out of the market competitors who offer goods of higher quality. Another factor, which is independent of import barriers, is the decline in demand among our partners. That is particularly tangible in the field of investment goods, and construction and installation services. The abolition of customs barriers may prove ineffective in the presence of a drastic decline in demand.

The Institute for Business Cycles and Foreign Trade Prices has prepared a thorough analysis of the consequences of the creation of the free trade zone. The analysis was completed late last year and some of its premises are no longer relevant (duty tariffs revised twice this year in Poland, decline in trade with the countries of the former CEMA, changes in the structure of production). That is why we present only general trends that can be expected following the creation of the free trade zone.

### What Would Happen If...?

Last year the steepest decline in our trade with Czechoslovakia and Hungary concerned electrical machinery, not because of the competitiveness of Western products, but because of an economic situation unfavorable to investments. Studies by the Institute of Business Cycles and Foreign Trade Prices indicate that the abolition of duties by Hungary and Czechoslovakia would promote exports, but not to a sufficient extent to offset the losses to the Polish state budget due to similar concessions to those two partners.

Losses due to the abolition of duties would probably also be considerable in light industry.

Most likely, the institute's expectations concerning the food industry would prove true. The analysis pointed to greater disadvantages than advantages. If we also consider private food imports, which were not included in the statistics, losses due to the abolition of duties might prove to be even greater.

But the institute expects a converse effect on trade in fuels and raw materials, and also in chemicals. Data indicate that direct revenues from exports would exceed the losses to the budget.

For certain goods, the prospects now seem more optimistic than at the time when the institute's analysis was prepared. For example, that analysis did not anticipate the marked increase in Polish exports of coal, copper and sulphur, because it viewed the output of those raw materials as having reached their ceiling. Yet, statistics for 1991 point to continued growth of their exports, and hence also to a greater demand than had been expected. It is not unlikely that a 100-percent elimination of import restrictions would be an additional stimulus. One finding of the analysis was that the liberalization of trade would cause domestic prices of imported goods to decline the most in such domains as means of transportation, pulp and paper products, electrical engineering and electronic goods, light industry products (exclusive of textiles), chemical fibers, and products of the extractive industry.

### Changes in Sources of Crude Oil Examined

92EP0524A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW Supplement)* in Polish 13-14 Jun 92 p 1

[Article by Danuta Walewska: "Whence and Whither Will It Flow?"]

[Text] The change in the sources of Poland's procurement of crude oil proves that our country is serious about protecting the natural environment. We have greatly reduced imports from the east. Russian crude oil is sulfated and heavy—actually this is the so-called liquid waste and in the catalogues it has its own name—Sovietexport Blend (SEB) and comes from 68 refineries. Insofar as price is concerned, it is about the same as the most refined Brent Blend crude. Low-sulfur, "light" crude also can be found in the east, but the conditions for extracting crude oil in Russia and other CIS countries do not permit the export of every grade separately.

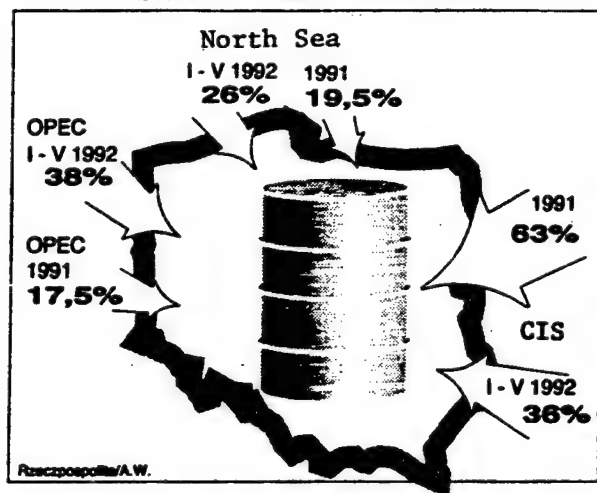
This year, based on intergovernmental agreements, we were supposed to import eight million tons of crude oil from Russia. We know now that we will not buy more than six million tons. Only CIECH [Import-Export Center for Chemicals and Chemical Equipment] Petrolimpex intends to fulfill the contracts it signed and import five million tons of crude from Russia as planned.

In making that decision, it is also taking into account the interests of Polish exporters who, in a barter deal, could send pharmaceuticals and food to Russia in exchange for the crude oil received by Poland. That is why the firm cannot purchase the same Russian crude in London, despite the fact that it is offered there at a very cheap price. The importance of the Russian market has made Petrolimpex decide on the luxury of becoming a member of the Moscow crude oil exchange.

But generally the sources of our procurement of crude oil have changed beyond recognition. Even in 1991 we imported 65 percent of our crude from CIS countries, and this year (based on five months in 1992) we are making only slightly over one-third of our purchases there. In any case, diversification is not a new idea. It started 15 years ago and that is where the idea of building a Northern Port originated. It was then that we negotiated our contract with British Petroleum for 10 years. At that time, 85 percent of our imported crude came from the former USSR.

The cheapest and most convenient way to import crude oil is still the "pipeline," except that it is a chimera, as was shown at the beginning of this year. Nor can we rely on it with complete certainty in the future, because there can be all kinds of disturbances beyond our eastern border. We must remember that the only truly large, unexploited, crude oil deposits are in the former USSR. In order to exploit them, Russia and the other CIS countries have turned to western concerns for technical and economic assistance. But they can conduct their own policy there.

Sources of Crude Oil Purchases



The admission of the "seven sisters" to the CIS does not guarantee an increase in the amount of crude oil extracted, something those concerns are not at all interested in. Without a doubt, what they want most is that they be provided access to beds exploited in the future, because British and Norwegian reserves under the North Sea are shrinking. And the Arab countries are politically unreliable. The influence of politics on the crude oil market was clearly seen after the invasion of Kuwait by Iraq, when crude prices shot up to U.S.\$42 a barrel.

The development of relations between Russia and its neighbors, through whose territory the pipeline runs, is also a factor of uncertainty. Byelarus has thus far made no financial claims, but, whether Ukraine will not demand transit fees, about which it has muttered several times, we do not know.

The situation will not become truly comfortable for us until more or less the middle of October, when the second pier in the Northern Port will begin to function. That port will then have a transloading capacity of 15 million tons a year. A tanker sailing into the Baltic usually has a 100,000-ton load-carrying capacity and the time to service it—the "lie-off" time—averages 36 hours. At present, when only one pier is functioning, and the port, in addition to unloading tankers, also services Polish export and import, e.g., diesel oil, the receiving capacity is exhausted. A second pier is the joint investment of a consortium made up of ports, refineries, PERN [expansion unknown] and CIECH. Eastern German refineries also make use of our services.

Things are completely changing insofar as sales of crude oil is concerned. Stefan Lancucki, Petrolimpex director, now recalls with amusement how he once had 15 minutes (from 1045 to 1100) to sign a contract for a crude oil delivery and it was a contract that permitted an exporter everything and an importer—i.e., us—nothing beyond paying on time. Paying for a commodity at world prices with world money makes a customer feel that he is valued.

### Welfare Workers Note Poverty Levels Growing

92EP0527A Warsaw GLOB 24 in Polish 4 Jun 92 p 1

[Article by (DS): "Poverty Spreading"]

[Text] A few years ago, it was only the very poor who were applying for public assistance. Today we are seeing people who are retired, unemployed, or low-paid.

In the Warsaw voivodship alone, the number of people receiving help from state institutions grew in 1988-91 by 341 percent. During 1988-89, the number did not change very much and amounted to slightly over 41,000 people. In 1990, it rose to 74,500, and in 1991 to 141,800.

The number of people living below the poverty level is growing. Every day people are coming to welfare centers in Warsaw: about 70 a day in Prague South; about 200 each in Prague North, downtown, and Wola; about four in Podkowa Lesna; 119 in Otwock; 80 in Legionowo; 60 in Pruszkow; 10 in Zakroczym; 15 in Gora Kalwaria; 150 in Grodzisk Mazowiecki; four in Pomiechówek; and 24 to 30 in Tarczyn and Czosnow.

The welfare workers say that we do not know the actual extent of the needs, particularly in the large urban centers. Not everyone who needs assistance applies to the welfare centers. In some regions of the country, it is almost impossible to reach everyone. For example, in Warsaw there is one welfare worker for every 4,500 residents, and in some districts, even one for every 6,000 to 8,000 residents.

If everyone who needed assistance applied for it, many would have to be refused. The state has just so much money and no more. And referring to the provisions of the law, which say that the goal of public assistance is to meet the basic needs of persons and families, and enable them to live in dignity, does no good. Neither does citing the provisions of the Convention on Human Rights and the Social Charter of the Council of Europe about the inalienable right of a citizen to freedom and prosperity. For him to experience it, he needs assistance and support.

According to the public assistance law, no more than 90 percent of the lowest pension is sufficient to live adequately. One person in a family may be granted the right to receive permanent benefits based on that level of income. Above that limit, benefits may be granted only on a temporary or emergency basis. In the first quarter of this year, the Warsaw administrative office divided over 53 billion zlotys among: 4,500 persons entitled to permanent benefits, 8,500 persons entitled to temporary benefits, and 25,500 persons for housing assistance, which, by the way, is one of the leading forms of public assistance.

The welfare departments limit expenditures to the indispensable minimum. The funds granted must last to the end of the year. No one is able to predict future increases in prices of fuel, fees for power and gas, and rents. Even as decisions to raise prices are made, the amount of money in the welfare fund remains the same. But the number of people waiting in line for financial assistance grows longer and longer.

Public assistance is not able to meet the needs of the growing number of jobless and homeless, the hopeless situation of people ill with AIDS, or the families of alcoholics. What hurts the welfare workers most are the appeals of the old and the sick; requests for medicines have increased greatly. That is happening in a country whose constitution still speaks of the right to free medical care.

For several years the number of people who use the home services provided by the Polish Social Assistance Committee (PKPS) has remained about the same: 55,500. That does not approach the actual requirements. PKPS believes that at least twice as many would like to take advantage of home services, but many of them do not because of the payment required, though the rates are not high (they were established by Minister Bon and are based on a sliding scale depending on the amount of income).

But the figures gathered by the members of the Society of Children's Friends arouse the greatest fears. According to their studies, 18 percent of our little citizens live in poverty, and 50 percent in very difficult circumstances,

which means that sometimes there is no money for such a luxury as a glass of milk a day.

### **Infant Mortality, Intensive-Care Needs Grow**

92EP0527B Warsaw GLOB 24 in Polish 12-14 Jun 92 p 2

[Article by Maria Mamczur: "Death at Birth"]

[Text] The bad and worsening state of health of the children's population lessens the biological worth of the nation. Meanwhile, the ability to ensure proper prevention and treatment is alarmingly low, say clinical pediatricians.

Infant mortality is rising. In the medical statistics the causes of deaths are given as birth-related illnesses, respiratory ailments, congenital defects, and infections. The lack of oxygen which occurs frequently, particularly in premature births, causes injury to the central nervous system, paralysis of the brain, and physical and mental impairment.

Incorrect dosages of medicines (due to lack of syringes) leads to serious injury to the bodily organs. That is why, pediatricians say, the percentage of children requiring intensive care after birth is steadily rising (2.9 percent in 1989 and 4.48 percent in 1991). The number of handicapped children among us is steadily growing—those whose infirmities can be traced to our increasing inability to treat and operate on birth defects (scarcely 15 percent of infants born with heart defects undergo surgery).

Dilapidated equipment, lack of diagnostic apparatus, not enough ambulances, inadequately equipped laboratories, slow reaction time to emergency calls leading to tragic consequences when children needing intensive care are transported from clinic to clinic, all intensify the disaster.

Many of the doctors who are attempting to save the lives of our youngest patients suffer mental depression and burnout. I know how to help, I know what to do to save a child's life, but I have no way of doing it, so I do not do it. The sense of helplessness is accompanied by the awareness that the problem of children's health is being treated very marginally by Polish politicians.

Has the matter of child care ever come up in the Sejm? I say, with full responsibility for my words, that no one cares about this. No alternative ways of financing clinics have been found. Possibly it is due to the subconsciously recognized philosophy that medical care is charged to the state treasury, but everyone pays for funerals out of his own pocket, says Dr. Marcin Rawicz, head of the Intensive Therapy and Resuscitation Department of the AM (Academy of Medicine) Children's Clinic in Warsaw.

The Gynecology and Obstetrics Clinic AM No.1 in Warsaw has not received any money for equipment for a year and a half. Dr. Rawicz says that in his department, out of every 10 critical cases only seven infants are now being saved. With the present state of medical knowledge, nine of these 10 could be saved, but to do this there would have to be a separate infants' intensive care department equipped with six incubators, six respirators, a monitoring system, syringes, and a laboratory. In terms of zlotys, this

department would cost 3 to 3.5 billion zlotys. The following situation would be desirable: A woman with a high-risk pregnancy would give birth in one clinic and the newborn would receive postnatal care in the same clinic, i.e., resuscitation and medical care.

But the reality is tragic. This morning I was doing a heart operation on an infant hooked up to an artificial breathing machine. 30 minutes into the operation, the main apparatus by which the patient breathes broke down. Then something happened which should never have to occur. An oxygen tank is wheeled into the operating room. The oxygen has to be blown with a hand pump. I quickly pull the apparatus into the vestibule and frantically operate. The apparatus is 20 years old and should have been discarded a long time ago because it is completely useless, and with it I am supposed to ensure that the child, on whose heart I am operating, will survive? Had a doctor from a leading western clinic been put into such a situation at the operating table the patient would have died, because the doctor would have been completely stupefied and not known what to do. Where am I supposed to get \$20,000 dollars from, because that is how much it costs?

A frustrated helpless doctor sometimes has to explain to the distraught parents that somewhere else their child would have been eligible to live, but in our country he has no chance, because the hospital is lacking something.

If one of the deputies yelling in parliament had to see a child die as frequently as I do, if he had to carry the infant in his hands to the morgue and then explain to the parents that nothing could be done...he might then postpone a discussion on gambling casinos and take up the problem of

health care, especially care of infants and children, says a pediatrician from a Warsaw hospital.

Many doctors attempt to get money for state clinics on their own. Instead of being in the operating room, I spend 70 percent of my time going around and begging. I sometimes wait for hours outside the door of a person who has money. When I finally get to talk to him, he tells me: I already gave to this person, to that person, I cannot constantly give, admits the head of a children's clinic.

Many foundations are being formed to support children's hospitals. In 10 years of its operations, the National Children's Fund<sup>1</sup> obtained medical equipment for children's and infants' departments valued at over \$2 million. It recently gave several infants' departments 26 very modern incubators. The Obstetrics Clinic AM on Starynkiewicz Square in Warsaw received one of them as a gift. The doctors do not conceal their joy. One good incubator during the course of one year will save the lives of 25 newborns. The problem now is an ethical one; many low-weight infants are born, but there is only one incubator. How does one decide which infant to put into the incubator and which should be "allowed" to die?

The head of Department 1 of the No. 1 Obstetrics and Gynecology Clinic in Warsaw, Prof. Longin Marianowski, says that, though so much has been officially said recently on the subject of medical ethics, in this case any discussion of ethics is pointless.

#### Footnote

1. Account No. of the National Children's Fund: PKO BP XV O/W-wa, Al.Jerozolimskie 7, nr 1658-7722-132; tel. 482398, 482468.



### Unpublished Portions of Milosevic, DEPOS Talks

92BA1213B Belgrade NIN in Serbo-Croatian 3 Jul 92  
pp 13-14

[Interview with Dr. Nebojsa Popov, a member of the Citizens' Alliance of Serbia, by Dragan Cicic; place and date not given: "No Preaching"]

[Text] Several representatives of the Citizens' Alliance of Serbia took advantage of the offer of DEPOS [Democratic Movement of Serbia] to take part in the talks conducted last week with the president of the Republic, the prime minister, the president of the Assembly, and the leadership of Serbian Television. Nebojsa Popov, above all thanks to the taping of the conversation with President Slobodan Milosevic broadcast on the second television news program, suddenly became prominent in the media during those talks. Dr. Popov has probably been that member of the opposition who since the beginning of the pluralistic scene in Serbia has engaged Milosevic in conversation most vigorously.

[Cicic] Many have noticed that you use the familiar form of address with the president and have concluded that you knew each other earlier....

[Popov] I would first like to explain that a man can address someone he is talking to in the familiar form of address while at the same time fully respecting him as a person and not insulting him. And I am absolutely certain that I maintained that level throughout the entire conversation. As for knowing one another, I met Milosevic more than 30 years ago in law school. Kosta CAVOSKI has in fact spoken about that friendship for NIN. In 1960 and 1961, I was secretary of the Committee of the League of Communists at the School of Law of Belgrade University, and when I was supposed to nominate a deputy who would handle organizational matters, I was faced with a dilemma—Kosta CAVOSKI or Slobodan Milosevic. Both were at that time secretaries of the party organizations in their respective classes. Because the committee secretaries had all been Montenegrins until my election, I hesitated to start a new ethnic election policy by choosing CAVOSKI (we are both from Banat). So I opted for Milosevic, although I considered CAVOSKI more able. I worked with Milosevic for a year, and when my term ran out, I gave up politics, and over the last 30 years I have run into Milosevic only two or three times.

[Cicic] You did not have the impression that Milosevic would get this far?

[Popov] No, I did not, and he has gotten where he has thanks to an irrational populist movement that has elected him the national leader by acclamation.

[Cicic] Even for such a policy certain abilities are needed. Did it appear at the time of your collaboration that he had that kind of ability?

[Popov] No, I was surprised by his decisiveness when he carried out the party putsch and brought down Ivan Stambolic, who for many years had been his political patron.

[Cicic] Did your old friendship have anything to do with the encounter not developing as a monologue? Or are there other reasons involved?

[Popov] I do not know for what reason he stayed away from a monologue, but I know my own, and they come down to one: We did not come there for him to deliver a monologue to us, or to deliver our own, but to talk. It is my impression that the decisive thing was not an old friendship, but that he valued my arguments and that is why he took up the conversation, as can be seen to some extent from the unedited excerpt from the transcript of that conversation published in the daily newspapers and portions of the tapings that were shown on television.

[Cicic] The public, then, has not seen the entire conversation? You mentioned in BORBA one episode—when at one point the president suggested that you visit battlefields, and you replied that that is an excellent idea and invited him to visit the battlefields with you. He did not accept....

[Popov] Yes, certain essential things were omitted from the transcript; I would mention two. You described the first in your question. I thought it would be a good thing for us to visit the battlefields together. That would show that we have an understanding for the Serbs outside Serbia, and second, that he and we from the opposition can be partners in resolving that problem. The omission of that episode from the taping and the transcript, I am afraid, is a yielding to the systematic imputations about the treason of the opposition, especially of one segment of it. The persistence of that kind of propaganda was also demonstrated the next day when the so-called telegrams of support to the authorities were read and when the opposition was satanized. The second episode had to do with his attitude toward television. When we spoke about its lack of objectivity, the president pointed out that on the eve of the election in 1990, he did not use his time slot to introduce himself. However, attention was called to his indirect campaign through the lengthy coverage of the rise of his cult at the rallies of the so-called antibureaucratic revolution and through the reshaping of his public speeches on various occasions. I personally was interested in why he had not agreed to appear in the TV debate offered him by the presidents of the other parties between the two rounds of the 1990 election, that is, when his victory was already assured. He said that he did not remember that offer being brought to him, and had it been brought, he certainly would have remembered it. We delivered the offer at that time to Momir Brkic, who was responsible to the SPS [Socialist Party of Serbia] for contacts with other parties in connection with the television presentations. From what Milosevic told us in this recent conversation, I concluded that Dr. Brkic did not dare to even ask him about something like that.

[Cicic] Does it not seem to you that the way in which the meeting of your delegation with the president was formatted for television and also the way in which he talked to the delegation from the university indicates that your delegations were used only as a means for the president to address the public in a way that suits him?

[Popov] Yes. These conversations were used for the purpose of his extended promotion, and those present were reduced to mere decoration.

[Cicic] That, of course, leads logically to the question of how much purpose there was in those talks.

[Popov] They have a purpose insofar as we can hold him to his word with the public that he personally is leaving the question of talk about forming a "roundtable discussion" to the government, and he is reserving to himself the right to answer a demand that he submit his resignation.

[Cicic] The government, however, has already rejected the "roundtable"?

[Popov] Bozovic delivered a speech against that idea without knowing the position of the president of the Republic that was presented to us, and the president of the Republic, under the present Constitution, is superior to the prime minister.

[Cicic] You, then, think that formation of a "roundtable" has not been precluded?

[Popov] I think that forming a "roundtable" of the opposition and the government is above all a matter that depends on the prestige and solidity of the entire opposition and on its readiness to cooperate within itself on this extremely important matter.

#### **VOJSKA Interviews UNPROFOR Commander**

*92BA1230A Belgrade VOJSKA in Serbo-Croatian  
9 Jul 92 pp 42-43*

[Interview with Colonel Aleksandr Khromchenkov, commander of the UN Protective Force for Sector East, by Biljana Djurdjevic and Milorad Pantelic of the Federal Republic of Yugoslavia Army paper VOJSKA; place and date not given: "Hope for a Very Speedy Peace"]

[Text] The weapons have almost become silent in the region of eastern Slavonia, Baranja, and western Srem since a recent decision of the UN Security Council placed that region under the complete control and responsibility of the UNPROFOR [UN Protective Force]. In that connection, we requested a brief interview with Colonel Aleksandr Khromchenkov, commander of sector East.

[VOJSKA] To what extent could the fact that the forces of the UNPROFOR were being committed on the soil of Europe, in Yugoslavia, have affected the decision of Russia to include its own forces in that peacekeeping contingent?

[Khromchenkov] There is only one thought I can have on that subject—this is a matter of high-level policy! As far as my personal opinion about inclusion of the Russian battalion in the UNPROFOR is concerned, there is no difference between our involvement and the commitment of similar forces from other countries in the interest of peace....

[VOJSKA] But, if I am not mistaken, this is the first time that Russian troops have been included in a "blue helmet" contingent.

[Khromchenkov] Yes, this is the first time. And it is thereby the first time that any Russian like myself has commanded a sector as part of the UNPROFOR. Incidentally, this is also the first time I have been here....

As for your previous question, I repeat, this is a matter for diplomacy, for the Government of Russia. But if I should ask myself personally about inclusion of a Russian battalion in the UNPROFOR, my answer would be—And why not?! This is a peacekeeping mission.

[VOJSKA] We have recently heard from sources close to the General Staff of the Russian Army that they are considering the option of sending another battalion of Russian soldiers, but this time to Sarajevo, to Bosnia-Herzegovina [B-H]....

[Khromchenkov] I have heard about that, but I do not know whether the Russian Government has taken a position on that question. We here really do not have much information. Political circles, the Supreme Command, will probably provide an answer to that possibility....

[VOJSKA] When your soldiers reached this region, what welcome and acceptance were they given?

[Khromchenkov] The people gave us a very good welcome. There was particular emphasis on collaboration over many years, alliance and fraternal and friendly relations that exist between our peoples. We have had very good contacts both with the JNA [Yugoslav People's Army] and also with the local leadership.

[VOJSKA] Have there also been certain problems during that cooperation?

[Khromchenkov] No. They have all given us maximum help, as much as they were able.

[VOJSKA] On the other side, how were you welcomed by representatives of the Croatian Government and Croatian Armed Forces, what problems have been emphasized and what are your expectations concerning future cooperation with Croatia?

[Khromchenkov] We have very frequent contacts and meetings with the Croatian side as well, because we are deciding questions of a complete cease-fire and of the upcoming demilitarization and ultimately withdrawal of armed forces. It seems to me that everything is progressing normally. The problems that exist for the present are being resolved.

[VOJSKA] And they are?

[Khromchenkov] Well, problems of a general nature, and then problems related to the withdrawal and departure of the army and problems of establishing blame in case of violation of the halt of hostilities. Our mutual relations are very constructive, official, and effective.

[VOJSKA] Have you had an occasion to meet the citizens of Osijek and to hear and see their reactions?

[Khromchenkov] Of course. In the city itself, we have been stopped by citizens, they have come up, they have complained. There are also quite a few Russians there, more



accurately Russian women in mixed marriages whose husbands are now fighting. You know, war is war!

[VOJSKA] Are you satisfied with the cooperation with the army of Yugoslavia and the government authorities of the Federal Republic of Yugoslavia?

[Khromchenkov] Yes. That cooperation has been professional, official, and constructive. We have resolved all the matters with representatives of the former JNA [Yugoslav People's Army], although there were some very complicated problems, because, for example, all of two corps had to be withdrawn from these parts in a rather short time, very honorably, with respect for the deadlines that were set. We have met with understanding from both Gen. Biorcevic and Gen. Denic, and we are very happy about that.

As for cooperation with government authorities...I have only had one occasion to meet with Dr. Jovic, chairman of the State Committee for Cooperation With UNPROFOR, and that was at the very outset, when the mission arrived, but since then I have met with Dr. Bozovic, who is intelligent, specific, and very concise. I have also had meetings with representatives of SAO [Serbian Autonomous Oblast] Krajina, but mainly my contacts have been with the local leadership—Ilic, Ivanovic, and Milanovic.

[VOJSKA] Before the forces of the UNPROFOR were fully manned, indeed even quite recently, there was a sporadic breakdown of the truce. How did you react?

[Khromchenkov] I have written many documents on this and have presented them both to the Yugoslav army and the Croatian side. We are keeping the situation under control. Our officers are observing, and then they sketch the situation, and we send things to the headquarters in Belgrade....

[VOJSKA] Pardon me, but does it not seem to you that there is too much administration here, too much paperwork in a situation when people can die?

[Khromchenkov] Perhaps. I understand you. But that is the system. We are astonished, to some extent we understand it, but what are we to do? That is reality. In my personal opinion, the United Nations is now facing in Yugoslavia problems which were not fully appreciated in good time. And that is why Gen. Nambijar, the commander in chief in this region, is right now thinking about the way in which the activity of the UNPROFOR should be changed. We have already indicated to the UN Security Council in writing that a change is indispensable, because, as you see, even the flow of information is subject to selection.

[VOJSKA] You have probably heard that the Italian Defense Ministry recently declared that "the UNPROFOR in Yugoslavia needs to grow from a protective force to a force that brings about the conditions for peace." Will that experiment of "transformation" of the "blue helmets" be applied first in Sarajevo?

[Khromchenkov] You know, we are also talking about that among ourselves. But I truly do not know what direction

that possible change would take. Will that decision be made by Boutros-Ghali himself? One thing is certain—the situation itself argues for a change of the role and activity of the UNPROFOR. The use of arms could also have the opposite effect—escalation of the conflict. That is my personal opinion.

[VOJSKA] Is it possible that that change might be carried out under the influence and in the manner that suits the interests of those powers who are largely financing the activity of the United Nations?

[Khromchenkov] The decision on that will probably be made by the Security Council, but we shall see what it decides.

[VOJSKA] During the recent incidents of disruption of the peace have you had certain property losses?

[Khromchenkov] Sometimes, unfortunately, especially at night, there is shooting from Osijek, Ernestinovo, Tenj, Antunovac. And, as usual, poor discipline is involved. After all, both sides have agreed to the truce, but still firing does occur.

[VOJSKA] And what do you do in that case?

[Khromchenkov] We are required to write up an official document in which we set down our observations about who violated the truce, when, where, in what duration, and with what weapons. Then we take that document and show it to both sides.

[VOJSKA] And who has usually been to blame?

[Khromchenkov] (Laughter) Usually they are all "innocent."

[VOJSKA] How many observers are there in your sector?

[Khromchenkov] There are some 20 people in the group.

[VOJSKA] Is that enough?

[Khromchenkov] The observers are usually deployed so that they can monitor both sides.

[VOJSKA] What equipment do they use for those purposes?

[Khromchenkov] For the moment, we have automobiles, but soon, I hope, helicopters as well.

[VOJSKA] From what country does your communications system come?

[Khromchenkov] Russian equipment is being used in the Russian battalion. But I use both telephone and fax machine for communication with Gen. Nambijar, the Dutch group, and the Dutch communications people who provide connections with the UNPROFOR command and the United Nations.

[VOJSKA] Gen. Nambijar recently visited your sector and you personally. How did he assess the present situation and your activities?

[Khromchenkov] That is not really for me to say, but I can tell you that he looked upon our performance very favorably and always very objectively.

[VOJSKA] Have returning refugees come to you for help and protection?

[Khromchenkov] No. They are under the jurisdiction of a special commission for refugee affairs, which will take up that problem in the fourth phase. We are now in the second phase, that is, still in the military phase.

[VOJSKA] What are the features of that phase of your mission in Yugoslavia, especially in the sector East?

[Khromchenkov] What is happening right now is disbanding territorial armies and reducing the police, in addition to disarming them.

[VOJSKA] Will you also disarm the police?

[Khromchenkov] You know, according to the plans, all military and semimilitary structures have been disarmed. The question of the police is very complicated, but I hope it will be resolved soon.

[VOJSKA] What will the forces of the UNPROFOR do in a case of infiltration of Croatian commando-terrorist groups, for instance, from the territory of Hungary into the area of sector East?

[Khromchenkov] I have heard about that. More accurately, I was so informed by the staff of the JNA Corps. But, you know, during the meetings I have had with the Croatian side, I have let it be known that such an incident would have very bad results for them.

[VOJSKA] Does that mean that if such an incident does nevertheless occur you will shoot?

[Khromchenkov] You are joking.... (Laughter) Well, you yourself know the answer....

[VOJSKA] That you will write a report on that....

[Khromchenkov] We have an institutional obligation to use weapons very selectively, exclusively when the life of our soldiers is threatened.

[VOJSKA] And when the lives of other people, civilians, are threatened?

[Khromchenkov] We have a duty to provide protection and aid to all inhabitants....

[VOJSKA] Is that speculative protection?

[Khromchenkov] No.

[VOJSKA] In such a situation, can you give good advice to the parties to the conflict in Yugoslavia?

[Khromchenkov] You know, when I talk to my colleagues from France, Belgium, England, or Spain, we all think that such problems exist everywhere. And in my country, in Moldavia as well. In Cambodia. Here in Yugoslavia a fortification obstacle has been set up so that those conflicts do not overflow this space and infect others. I hope that there will be a solution that is acceptable to all.

[VOJSKA] And quickly?

[Khromchenkov] Very quickly, I hope! We expect it.

[VOJSKA] So do we. Thank you for the interview.

## Croatians, Serbs on Death List in Vojvodina

92BA1218A Novi Sad MAGYAR SZO  
in Hungarian 2 Jul 92 p 7

[Interview with an unidentified member of the Serbian Renewal Movement by Eva Spitzer; place and date not given: "Center of Crisis in Szeremseg? Experiences of a Man Condemned to Death; Inhabitants Ready To Defend Themselves; Local Man Leads Armed Group; What Is Happening in Hrtkovci?"]

[Text] "Only someone who regards Croatians and Hungarians as his enemy is a good Serb," says our conversation partner from Herkoca [Hrtkovci], who would like to keep his name known only to the editorial office for reasons of security. In the village of Herkoca in Szeremseg [area west of Belgrade] the other day a list was read publicly containing the names of Croatians, together with the Serbians defending them, who have been condemned to death by armed men on the rampage here. Our conversation partner is a member of the Movement for Serbian Renewal [SZMM]; he is a Serb, his wife is Hungarian. His name is also on the list. On Monday one of the men on the list was found dead just outside the village. He was killed in cold blood; the body showed signs of beating. The victim had also taken refugees into his house.

"The armed forces can only help in preventing clashes, sometimes not even that. In cases of forced evacuations they can only establish what happened but they don't do anything against intruders."

In Herkoca, several times citizens of one nationality have chased those of another away from their houses with weapons.

"It happened to a man from Herkoca, who had worked in Germany and who put two of his houses at the refugees' disposal, that his third house was broken into as well. Trusting in law and order he took the matter to court, but since he got nowhere with the court, off he went to Germany. He left all his property behind."

Since the beginning of the war in Croatia many refugees have arrived in Herkoca; nowadays they are coming from Bosnia, as well. The inhabitants of the village were among the first to take them in and organize aid for them.

"A few armed men teamed up with a local man, and now they are terrorizing the population, especially the Croatians and the Serbs who are not prepared to persecute their neighbors, friends, and relatives, simply because they are not Serbs. I cannot claim that the refugees use violence, since we don't even know these people, but I know that Croatian and Bosnian refugees move into the houses of those who have been forcefully evacuated. By the way, the local shopkeeper heard them demand a car by phone, which was supposed to have come to pick them up because their time was up.

"I am a member of the SZMM. The local organization of our party was formed a long time ago, and citizens of other nationalities have never had any problems with us. Only since the formation of the local organization of Seselj's radicals did fascism take over here. Those in power either

don't know what is happening, or they turn a blind eye to it. People are killed, beaten, and turned out of their own houses.

"According to the police they have a weapons permit; their weapons cannot be taken away. But these people came from Croatia, and in effect they smuggled their weapons into Serbia. In other words, citizens of another country are on the rampage here. We were forced to form a militia. We are standing guard every night. If the state authorities don't do anything to protect us, we will have to protect ourselves. We will demand that the state authorities take steps and evict all those from the village who have no residence permit or no refugee status. We notified the authorities about everything, but up to now no concrete measures have been taken, except for the reinforcement of patrols."

### Extreme Poverty in Serbia Reported

92BA1230B Belgrade NIN in Serbo-Croatian 10 Jul 92 pp 28-30

[Article by Toma Dzadzic, including interview with Jan Kiszgetsi, minister of agriculture in the Government of the Republic of Serbia; place and date not given: "Three Cans—Two Fish"]

[Text] Have you noticed that people are telling fewer and fewer jokes and laughing less and less? Does it not also seem to you that there are fewer and fewer pigeons in the squares and parks? Or perhaps all this is a mistaken impression imposed by the increasingly widespread poverty?

When a few years ago there was a lot said and written about our having reached the bottom of the crisis, Dr. Josip Zupanov, the Zagreb professor of sociology, explained that the worst still had not reached us: "We will be able to talk about a real crisis when some household appliance breaks down, and you do not have the money to buy another one."

These words were recalled last month when a Belgrader's hot-water heater began to leak in the bathroom of his apartment. He could not afford a new one at the price at that time, which was 3,600 dinars, which is almost twice as much as his "decent" salary, amounting to \$100 in dinars. Just replacing the canister in the old hot-water heater would cost him two-thirds of his monthly income. He was literally left without a dinar.

There is no longer any doubt whatsoever. This is now the real crisis even according to the scientific interpretations.

Most citizens do not need any particular convincing that misery and poverty have taken hold in these parts.

Even in the early morning, people are awakened by news of widespread drastic price increases, and many people are lucky if they have anything worthwhile to eat at all. It is persistently reiterated from the highest place, however, that there is no hunger in Serbia, nor will there be.

Right! Fortunately, the citizens of Serbia and Montenegro are not actually dying of starvation. But is it happiness just to be alive? People are truly just surviving.

"I am getting fat on bread and lard!" explained a citizen who until recently was relatively well-off. "I let my son have the meat!"

The medical people are already issuing warnings:

"In our country, people will probably always have enough food in terms of quantity, but there will inevitably be a change in the structure of the food that goes into the organism," Dr. Predrag Djordjevic, specialist in sugar diabetes and metabolic diseases, professor of endocrinology at Belgrade University, explained to NIN. "People will eat more carbohydrates (bread, potatoes...), and less high-quality food containing protein (meat, fish...)."

### Five Dollars per Month

Diverse foods containing vitamins and elements equally important to the organism (zinc, copper, selenium...) are also indispensable for the proper functioning of the brain. Improper diet is dangerous to the general health of the nation if it lasts for months, Professor Djordjevic warns.

Municipal transportation is perhaps the best indicator of the not only unhealthy, but also humiliating, way of life that we are consenting to for the present without stormy reactions. Even though tens of thousands of people in Belgrade alone are taking a forced vacation, because there is no work because of the general blockade of Yugoslavia, still the vehicles in the municipal transportation system are much more crowded than before, when everyone was going and coming from work.

When acquaintances meet at some station in the municipal transportation system, the first thing that they will say is: "Where will all this end?"

You might think that we had contracted the Chinese-Albanian syndrome.

There was a time when we felt slight disbelief and the feeling of being rich when we heard about the very highest Chinese and Albanian salaries, which amounted to only about \$10. Today, we ourselves are setting negative records.

Many pensioners are complaining that they are receiving barely 1,000 dinars a month. Converted to sound currency at the official rate, this amounts to only \$5 to live on for a month.

Nor are workers with the lowest earnings in a much better situation. The women employed in the Belgrade enterprise for building and apartment maintenance are striking right now, because last month they received only 1,200 dinars in their pay envelope. That is about \$6! They are also complaining of injustice, because their boss, Boza, they feel, is virtually a rich man compared to them: He earns all of \$35 in dinars. However, with that money Mr. Boza can barely buy one loaf of bread a day. Or one shoe.

### Everything Is a Luxury

In our situation, a washing machine or color television set needed every day is more than a luxury. The first appliance, the "Obod," which is the only one to be found in "Beograd" department stores, now costs 104,400 dinars, and the latter between 58,700 and 140,000 dinars. That means that workers and pensioners with earnings of 1,000 dinars a month could earn enough to buy one of these luxuries (the washing machine or the television set) only after eight years.

The speed at which our standard of living is actually dropping can be suspected from a datum that the press published exactly a year ago. At that time, a color television set could be bought after working a month and 20 days, and a washing machine after one month and 12 days. On an average salary, too!

A year ago, a citizen could buy a car with what he earned in 19 months, and today it takes him 85 years of work, while with a minimum pension he would have to live to the age of Methuselah for that purpose (850 years).

Is there any point even thinking about such expensive and unaffordable things when a common deodorant costs more than the lowest monthly earnings of certain pensioners and workers? One package costs 1,200 dinars.

However, it is increasingly certain that even food will be a luxury in the foreseeable future. The picture that is beginning to prevail in food stores is one that previously could be seen only in the countries of orthodox socialism—Albania and Romania: on the shelves, mostly cans and bottles of alcohol.

### "It Makes Me Want To Cry"

A few days ago, there were only three cans instead of meat in the butcher shop at the Valjevo market. In the neighboring fish market, there were only two fish swimming in the pool.

The next phase of our reality is this: Someone will buy those three cans from the butcher, and there will not be a single fish swimming in the fish market.

What awaits us, then, is the atmosphere typical of the former Soviet republics: From early in the morning, people roam over the city with empty shopping bags and plastic bags, standing in every line without even asking what they are selling. It is worth buying anything, something that there usually has not been for months: coffee, oil, sugar, flour, gasoline....

Another trouble we have is that right now we first have to stand in line for new bank notes if we were able at all to withdraw our money from the bank, if only in the form of old bank notes.

The sellers at the counters in the open-air market are perhaps first to spot the ever-greater social misery. Vladimir Prvanovic, a fruit seller from Grocka, had this to say at the Bajlon Market:

"Along comes a man leading a child by the hand, and he asks about certain prices. Finally, he says: 'What good is it,

when I have no money?!' I look at him, it makes me want to cry, and so I give him something...."

A bit further on, two women alongside a counter are simply fighting one another as they scramble for the pea pods that have fallen. The peasant woman scolds them for bothering her while she is weighing purchases for customers, but someone who is hungry obviously does not worry too much about dignity.

### Commodity Exchange at Midnight

Velibor Vistovic, department superintendent of the Municipal Center for Social Work of Vracar Opstina in Belgrade, complains that certain foodstuffs are being sold only at wholesale. Potatoes, for example, only in sacks of 50 kg.

"Because those I am caring for cannot afford that," Vistovic says, "they go to a private store and ask to be sold oil, flour, and sugar by the kilogram or by the liter. The owner simply drove them away. That is why I think goods that are in short supply should be sold to the unemployed and pensioners through local communities, just as the employed persons buy them through their trade unions."

The crisis, then, has taken a firm stand on our soil, and here is the solution proposed by Aleksandr Posarac, M.A., a researcher in the Institute of Economic Sciences in Belgrade, whose narrow specialization is social welfare policy:

"If we are to solve the problem of hunger and poverty, we first of all need to increase production. In our country, however, it is being predicted that if the blockades last only three months, in the last quarter of this year production would fall off 15 to 20 percent from what it was in 1989. And that year is considered to have been a relatively normal one for us. At the same time, production can increase only after the economic reform is carried out first. And at the outset it usually has a very unpleasant price to pay in the form of closure of failing enterprises, an increase in the number of unemployed, layoffs, a substantial drop in the standard of living.... Our earlier standard of living was unrealistic, and now we have to pay for it!" Posarac concludes, mentioning that stabilization and economic development are actually the best way of conducting social welfare policy, with certain adjustments by the government.

Even at midnight, you can hear the kind of situation we have now. The midnight program of Radio Belgrade, that is, turns into an exchange for medicine between Monday and Tuesday. Those who need medicine and do not have the money to purchase it because often it costs more than their monthly earnings call upon others to donate to them surpluses from their medicine cabinets.

And people make donations, because drugs have in our country become a luxury, just like health.

[Box, p 29]

### No Mandatory "Requisitioning"

[Dzadzic] If the peasants do not want to sell their products to the state, will there be requisitioning?



[Kiszgetsi] There will be no requisitioning, which means that the peasants can keep the grain for themselves. We have restricted sales only partially in that purchases of these products are to be made only by the Directorate for Commodity Reserves. We did this because of the measures of the EC that have been carried out against Serbia, because this is the only way of controlling the market; that is, only in this way can we honor what we are responsible for—feeding the population. Thanks to this measure, the purchasing of grain goes in one direction.

[Dzadzic] How much smaller are the yields this year than they were last year?

[Kiszgetsi] It is very difficult to furnish definite figures on yields. I can only say that we will have a better harvest than we expected, that is, three and a half tons per hectare.

[Box, p 28]

#### Luxury Hygiene

Every day things that are thought to be essential elements for maintaining personal hygiene are becoming more and more a luxury. Many people long ago gave up many "details" that make life more pleasant-smelling, because 5,024 dinars need to be set aside monthly for the most essential things for a four-member household. That "package" includes:

- Toilet paper, about eight 100-sheet packages a month, costs 704 dinars.
- Three 125-gram tubes of toothpaste, if teeth are brushed "economically," and that satisfaction of fresh breath costs 751 dinars.
- As far as soap is concerned, "Lady," the cheapest, costs 79.50 dinars. It takes four or perhaps more a month, because these bars are small.
- The favorite chamomile shampoo in the 500-gram container costs 365 dinars, and can perhaps stretch out a month if hair is washed only once a week. Laundry soap, only the Italian, at least in the supermarket where we went, costs 2,257 dinars in a four-kg package, which is just enough for a month.
- Cotton costs 313.40 dinars for 100 grams, and at least 200 grams are needed per month, which is 626.80 dinars.

The initial calculation did not include shaving creams ("Barba," the cheapest, costs 102 dinars), or Q-Tips (411 dinars for 100), or hair conditioner (a 250-gram container costs 256 dinars). Nor did we include that there might be a baby in the household, which, of course, implies many additional costs. Just "Kosili" baby shampoo in the 550-cc container costs 531 dinars (but, according to the label, the baby can be washed with it 45-50 times). No one even thinks about deodorants anymore, because the price of 1,200 dinars sounds traumatic.

—by B. Andjelkovic

#### Need for More Soup Kitchens Reported

92BA1230C Belgrade NIN in Serbo-Croatian  
10 Jul 92 p 30

[Article by Violeta Marcetic: "Our Stomachs Have Conquered Us"]

[Text] A scene encountered a few days ago in Solunska Street was reminiscent of scenes in Belgrade following World War II. A few people timidly holding out their tin plates for food, divided into three sections. At the end of the line, which was nearly some 30 meters long, there was a feeble elderly man who had been an office worker before the war.

"Our stomachs have conquered us," he said, wishing naturally to remain anonymous. "I am ashamed to be begging from the government, but I cannot survive on my pension of 1,000 dinars. I no longer have the strength to rummage in the dumpsters."

Every day there are more and more hungry people and beggars, and less and less money. There are today 30,000 people in Belgrade at the edge of survival. The seven people's kitchens operating at the moment in Belgrade under the sponsorship of the city's Red Cross can feed only 850 people.

"There has long been a need for soup kitchens," says Branimir Knezevic, professional associate of the Belgrade Red Cross. "Because of the shortage of financial resources, we went to work only a year ago. At the moment, seven Belgrade opstinas, Zemun, Palilula, Vracar, Stari Grad, Savski Venac, Vozdovac, and New Belgrade, are helping those most in need."

The number of those receiving this humanitarian aid is well known because it is determined by the Center for Social Work and the Belgrade Red Cross. At the beginning of the month, these people receive a piece of paper like the postwar "ration coupons," and when they take their daily ration, the date is entered on it.

Knezevic says that the money for preparing the food is obtained from donors who want to remain anonymous. These are mainly various private enterprises and individuals. "The Red Cross is ready to establish a fund for these purposes that the donors would manage, and we would only be a link in the chain from the idea to the realization."

For 30 years now, the order of nuns of Saint Vinko Paulski in Visegrad Street has been offering services of this kind. One of the nuns told us that in the last several months the number of people seeking help in the form of food has increased considerably. "But still the greatest numbers turn up at the end of the month. People come from various groupings, and we help them all. We do not have an organized soup kitchen, but we give them what we ourselves eat. Soup, beans, macaroni... Often they also come to beg for oil, sugar, and flour, we always give it to them when we have it. There are more and more poor people."

Although the number of the hungry, the beggars, and those seeking help in the increasingly empty dumpsters is

increasing considerably every day, the competent ministry of the Republic of Serbia is not doing anything.

### **Social Crisis, Poverty Deepens in Serbia**

92BA1219B Belgrade EKONOMSKA POLITIKA  
in Serbo-Croatian 15 Jun 92 pp 25-27

[Article by Davorka Zmijarevic: "Modern Times"]

[Text] *Increasingly higher poverty rate; the war and economic blockade have completely intensified pressure on all funds and resources; the costs of the war and its social consequences are still unforeseeable.*

### **Public People's Kitchens**

The generation that was born after World War II has not been able to remember this picture of dramatic poverty. The generation being born during and after this Yugoslav war will perhaps grow up with it. It was announced last week that these kitchens were being opened in Belgrade, and that every day in several city opstinas they would feed 500 of those who cannot afford their own daily bread. The number and capacity of these kitchens, however, is far from meeting the needs, because there are more and more people living below the subsistence level (which is defined as 95 percent of the average salary earned during the preceding quarter in the opstina, with the provision that it cannot be higher than the average salary in the republic economy). Just how large is this category? "When this war crisis is over," stated Aleksandra Posarac, an economist who deals with social development and social policy, "I do not believe that I will be able to calculate the poverty rate, because there are no data for this year. The only thing left for us to do is give estimates on the basis of the determinants of poverty and the population's socioeconomic position. Consequently, if we know that 60 percent of the population in Serbia is an urban population, i.e., one that does not have any earnings from natural production or does not have any ties with the rural areas, that 75 percent of this population's earnings consists of pensions and salaries, and if such a drastic decline in real incomes has been observed that buying power this year has been reduced to half the buying power in the same period in 1991, then one can state with a high degree of certainty that about 40-45 percent of the Serbian population is unable to satisfy its subsistence requirements."

Milosav Milosavljevic, Belgrade's city secretary for labor and social policy, stated that back in February, 90 percent of the families in the capital were living in poverty, and 40 percent were at the verge of the social minimum; he illustrated this with the fact that four-fifths of the households in the city were spending 60 to 80 percent of their monthly earnings just on food. This African ratio in consumption, however, applied to the beginning of this year. Today some studies, no matter how improvised, show that expenditures on food already, in accordance with price changes, have to exceed the average household's monthly income. In fact, according to the calculation that more than 11,000 dinars are needed for one day's expenditures to feed a four-member family, when the average salary from work is about 44,000 dinars (according to

April data), it is already obviously a mystery how the most of this country's population can even live, walk, come to work, and send its children to school.

Public kitchens are not the only manifestation of the poverty that has crept into everyday reality here. Doctors at city health centers already have instructions that they are to prescribe certain preparations only in cases of life and death, and that they cannot issue any more than 300 prescriptions per month. Some people, however, have 30-50 patients pass "through their hands" every day, and so they are left with the unpleasant choice of giving free medicine to one person and denying it to someone else.

### **Where the Poverty Is From**

Misery has definitely knocked on the door. In the whirlpool of constitutional, political, and war crises, it is now the social drama's turn. Long postponed and suppressed, social misery has finally started to show its face. Its dimensions have also begun to be glimpsed through figures indicating that in Serbia more than 80,000 families (or about 280,000 people) are already living exclusively on social assistance, that 533,000 employees in the republic are working at illiquid enterprises and do not receive regular salaries, and that the number of people unemployed in Serbia has reached 646,000, of whom 301,000 are people younger than 30. In two-member Yugoslavia, the number of people unemployed amounts to 714,000, which represents 28 percent of the total working population, and 474,000 people are seeking their first job. There are no official data on hidden unemployment, i.e., those who formally have a job or work at enterprises or institutions where they actually constitute a technological surplus, but according to some estimates that are only being provided unofficially, this figure is very high and will possibly reach a third of all employees—according to some, even a half.

### **Progress of Misery**

The percentage of those below the poverty line represents dramatic progress in comparison with the situation of just two years ago. At that time, also according to her data, 28 percent of the population in Serbia lived in poverty (2.7 million people). The social shock to which the republic's population is beginning to be exposed is thus harder and more painful, since it is coming after life in a "very comprehensive and generous system of social outlays" and rights that was created by the socialist state (see table 1). Job security and the benefits that came from the job made people mostly forget about the social risks and possible blows that could disrupt such a system.

The political factor, for its part, did everything possible to make sure that the population did not think about this danger, by indefinitely postponing serious reforms of the social security and social transfer system. The deficit financing of these transfers became a political choice, rather than reduce social rights. In 1991, for example, the pension fund deficit amounted to 3.6 percent of the social product. Next, in 1978 there were 3.8 employees per retiree in Serbia, and in December 1991 there were 2.2 employees, which is an "alarmingly low ratio." The outlays

of the former self-managing interest communities in 1990 had reached over 30 percent of the social product, "which is fantastic and absolutely untenable as a proportion of distribution," Aleksandra Posarac stated.

### Coup de Grace

All the data that illustrate the social security system apply to the period before 1992, i.e., to the period before the war that is raging today. The expenses brought by the war only brought additional pressures upon all the funds available to society. The cost of financing war campaigns, as well as the cost of the social convulsion that it caused, fell upon them. The population shifts that brought 340,000 refugees to Serbia alone (official data), as well as the maintenance of territories outside Serbia, burdened a state whose ambitions were not commensurate with its capabilities. Naturally, there are no official data about the cost of financing the army involved in the war operations, just as it is not known exactly how much it is really costing to take care of the refugees in the republic, except that before the present rebalancing of the republic budget, 4.5 billion dinars were allocated for this item (according to the latest number of refugees, this means 13,000 dinars apiece). In addition to this, the war also produced new beneficiaries of social rights—invalids and their families—in addition to removing part of the working population from the labor process forever. For the time being, the only thing known is the way that the state chose to deal with this problem: hyperinflation, which made the latent social crisis an open one, and gave it a South American atmosphere.

In such a situation, when all resources have been neutralized, a system of social rights, even rights to social security, is not worth much. Economic activity, which could hardly bear the burden of supporting social transfers even in a normal situation, and which has been declining itself for

several years in a row, is facing collapse today. The almost complete excommunication of the state's economy from world economic flows will turn all social rights into words on paper, because even the part of the population that is participating in the economic process and from which the funds are being transferred is itself inevitably falling below the threshold of poverty.

The cost of the "historic" events of the last year and a half is perhaps best illustrated by the fact of the change in salaries from December 1990 under Markovic's program to April 1992, which covered the road from \$450 to \$50. One can even take into account the discussions about how realistic the 1990 income really was because of the level of the exchange rate, but of course it was not so unrealistic that a ninefold decline would be natural. The intriguing question is why, before the prospect of social collapse, there is no reaction from those who have been affected by the present disaster or who are waiting themselves for hunger to knock on their door. There are several answers—that there is no institutional means of expressing dissatisfaction because there are no real trade unions that would speak on behalf of the employed population, that a considerable part of the population still has some reserves from better times, and then that there is a fear of the war that has covered up all other fears, but the answer that is most terrifying is that, as Aleksandra Posarac stated, poverty can grow endlessly, "literally up to the moment when people are really starving, when wages are no longer worth anything, when people no longer have anything to buy or anything to buy it with; that will be the crucial moment, when in effect people will no longer have anything to lose."

Today, however, it is hard even to imagine how much the price of economic and social reconstruction will be then.

	GNP Per Capita		Share in Income of the 40% Poorest Households 1980-88	Ratio of the Richest 20% to the Poorest 20%	Total Outlays for Education (% of Gross Social Product [GSP]) 1986	Total Outlays for Health Care (% of GSP) 1987	Costs of Employment Programs (% of GSP) 1988
	Total (US\$) 1989	Share of the 40% Poorest Households (US\$ 1987)					
Industrial countries	17,017	—	18.5	6.7	5.9	8.3	—
Developing countries	770	—	—	—	—	—	—
World	3,836	—	—	—	—	—	—
OECD	18,852	6,765	18.1	6.9	6.1	8.6	1.3
East Europe and USSR	2,469	—	—	—	—	3.4	—
EC	15,495	5,146	18.8	6.1	5.0	7.3	2.3
Nordic countries	21,565	7,377	19.2	5.7	6.8	7.7	2.9
South Europe	9,929	3,155	—	—	3.7	6.5	2.8
North America	20,729	7,827	15.9	8.7	6.8	11.0	1.0
Yugoslavia	2,920	1,160	—	7.0	3.6 <sup>a</sup>	4.3 <sup>a</sup>	—

<sup>a</sup> Only public expenditures



**Transfers to the Population in Serbia  
Through the Social Security System  
in 1978 and 1990**  
(real values, 1972 prices)

			Structure in %		Share in Social Product	
	1978	1990	1978	1990	1978	1990
Total transfers	2,413	3,494	100.0	100.0	18.7	25.2
Transfers in money	1,013	1,989	42.0	56.0	7.9	14.3
—Pensions	701	1,564	29.0	44.8	5.4	11.3
—Sick leave	135	144	5.6	4.1	1.0	1.0
—Unemployment compensation	7	17	0.3	0.5	0.1	0.1
—Child bonuses	73	82	3.0	2.3	0.6	0.6
—Scholarships	3	2	0.1	0.1	0.1	—
—Social assistance	19	33	0.8	0.9	0.1	0.2
—Bonuses	22	88	0.9	2.5	0.2	0.6
—Other compensation and assistance	53	0	2.2	1.7	0.4	0.4
Transfers through services	1,400	1,544	58.0	44.2	10.8	11.1
—Health care	747	781	31.0	22.4	5.8	6.6
—Education	562	554	23.3	15.9	4.4	4.0
—Institutions for children's and social security	91	169	3.8	4.8	0.7	1.2

Source: Data from the Yugoslav Public Auditing Service

NTIS  
ATTN PROCESS 103  
5285 PORT ROYAL RD  
SPRINGFIELD VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

#### SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.